

FINANCIAL TIMES

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SECTION II

World Business Newspaper

WEEKEND JANUARY 27/JANUARY 28 1996

EU politicians deny British doubts on timetable for Emu

European politicians made fresh attempts to erase doubts about the single currency project as the British government displayed growing confidence that a delay of at least a year was now probable. Because of a belief in the likelihood of delay, John Major, the UK prime minister, will give no commitment to hold a monetary union referendum in the coming few months. Page 22; When the countdown falters, Page 8

European police agency plan set for delay: Plans for a European police agency, similar to the US Federal Bureau of Investigation, to tackle cross-border crime are likely to remain on ice because of British refusal to let the European Court of Justice have a role in its running. Page 2

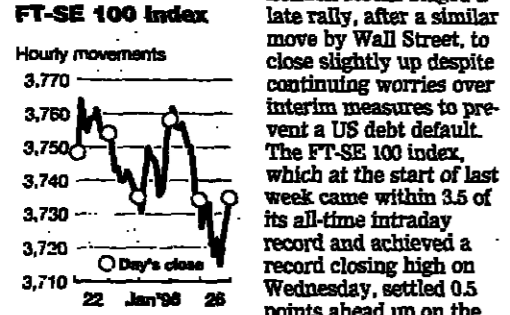
US challenges EU beef ban: The US launched its long-threatened legal challenge to the European Union's controversial ban on hormone-treated beef, and expressed confidence that other countries would support its action. Page 3

Hard to swallow: Moves in Brussels to give certain regions within European Union member states exclusive right to the names of certain foods has stirred up a bitter dispute. Page 22

British Telecommunications' share of the basic UK telecoms market is likely to halve over the next five years as mobile phones replace the fixed variety, a consultant predicted. Page 4

Tokyo employers dispute pay freeze calls: A controversial call for a wage freeze by the Nikkeiren employers' federation has brought a public dispute among Japanese industry leaders, drawing criticism from executives at Honda Motor and Nippon Steel. Page 22

US budget concerns hit London stocks: London stocks staged a late rally, after a similar move by Wall Street, to close slightly up despite continuing worries over interim measures to prevent a US debt default. The FT-SE 100 index, which at the start of last week came within 3.5 of its all-time intraday record and achieved a record closing high on Wednesday, settled 0.5 points ahead up on the previous day at 3,734.7.



Over the week the FT-SE 100 showed a 13.7 decline. London stocks, Page 18; World stocks, Page 17; Markets, Weekend Page XVIII

HK democrats shunned: China appointed several of Hong Kong's richest and most powerful figures to the new 150-member Preparatory Committee to help oversee Hong Kong's transition to Chinese rule. Conspicuously absent were representatives of the colony's democratic tendency. Page 3

Bosnia war prisoners to be freed: Bosnia's former warring parties agreed to release all prisoners and committed themselves to measures aimed at reducing the risk of new flare-ups. Page 2

Early Israeli election prospects: The prospect of an early election in Israel was raised after opinion polls showed Shimon Peres, the prime minister, 23 percentage points ahead of the leader of the right-wing Likud party. Page 3

Fokker wins cash pledge: Fokker, the cash-strapped Dutch aircraft maker, won the promise of £1.365m (\$2.21m) in government funds and credits, enough to sustain the company for another five weeks while it searches for a way to secure its long-term future. Page 8

Killer executed by firing squad: A 36-year-old convicted killer was executed by a five-man firing squad in the US state of Utah. Death penalty opponents used the case of John Albert Taylor, convicted of killing an 11-year-old girl, to press both for an end to capital punishment and to the firing squad, a method of execution used in only two US states.

Duchess faces writ: The Duchess of York faces being served with a writ claiming she failed to repay a £100,000 (\$154,000) loan. If the writ is served, the Duchess has 14 days to either pay up or notify the court of her intention to contest proceedings.

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Germany plans reforms package to boost economy

By Judy Dempsey in Bonn

The German cabinet plans to stimulate the economy, create jobs and restrain the budget deficit with an ambitious package of welfare reforms, state sell-offs and deregulation measures. It will unveil the special action programme on Tuesday when the government releases its annual economic report. It comes against a background of rising unemployment, now expected to reach 10 per cent of the workforce or 4m people, and forecast growth of just 1.5 per cent this year.

Hopes of an early interest rate cut to help stimulate the economy were damped yesterday when it emerged that Germany's money supply grew faster than expected in December, with M3 up by an annualised 2.5 per cent. Economists said the data need not prevent the Bundesbank cutting interest rates later. But the bank, which last moved rates in mid-December, said it would await January's M3 data to see if a further cut was required in the discount rate and Lombard rate. Lombard is the rate at which the Bundesbank lends funds to banks as short-term credit, and is normally at least 1 percentage

point above the discount rate.

The cabinet's action programme will be presented to the Bundestag (lower house of parliament) "in early summer". The timing suggests that few unpopular decisions will be made before the elections for three state governments in March. The proposed privatisations range from large state concerns such as Lufthansa, the national airline, DG Bank and Hamburg and Bonn/Cologne airports, to the state publishing house and Petersberg, the grand but under-used guest house for official visitors near Bonn.

Along with the pending sale of Deutsche Telekom, the state telecommunications network, and the Postbank, these could yield DM6bn (\$8.5bn) for the finance ministry, which is desperate to keep the year's budget deficit at DM60bn. The government will also press ahead with reforms aimed at reducing health insurance contributions and making treatment more cost effective. It wants to give hospitals greater control over budgets, while shifting more care to out-patient facilities and cutting down on overnight stays.

The insurance scheme which pays for state pensions will also come under scrutiny. The government believes it can no longer finance the scheme in its current form against the background of increasing life expectancy and a declining birth rate. One proposal is to restrict early retirement. Mr Norbert Blum, social affairs minister, has estimated that the 300,000 people who took early retirement last year cost the state an additional DM60bn in pension payments a year.

Deregulation is also high on the cabinet agenda, particularly in the energy sector. Mr Günter Rexrodt, economics minister, wants non-German utilities to be given access to the country's electricity grids and gas networks. The opposition Social Democrats, which have close ties to the large utility companies, are expected to resist such measures since deregulation would mean abolition of "concession" contracts under which municipalities award supply and distribution contracts to the utilities in return for annual payments totaling DM6bn.



Declaring she was 'looking forward to telling them everything I know', Hillary Clinton went to a federal courthouse yesterday to offer her explanation as to why her law firm billing records turned up inside the White House living quarters two years after investigators subpoenaed them. It is the first time a US First Lady has ever been compelled to testify under oath before a grand jury.

Moscow sold oil shares for stake in private bank

By Christa Freeland in Moscow

The Russian government last month sold shares in some of the country's largest oil companies in return for a stake in a private commercial bank, it emerged yesterday. The deal, which valued the oil stocks at just \$2.5m, comes as a further blow to Russia's reformers, since it took place under cover of last year's controversial privatisation programme. Flaws in the scheme have left the reformers open to attack from Communists and the hard-line faction within the Kremlin.

Reformers may face attack from hardliners over controversial deal

According to official documents, and to state authorities who concede that the trade took place, late last month the government gave Menatep, a Moscow commercial bank, a package of shares in six leading oil companies. In exchange, the government received a stake in Menatep worth, according to the bank's own figures, \$2.5m. Among the stock received by Menatep were significant stakes in Sidanko and Komitek, Russia's second and fourth largest oil

companies in terms of reserves. Last autumn, the US oil company Atlantic Richfield paid \$250m for a 6 per cent stake in Lukoil, Russia's largest oil company. Menatep, one of Russia's top 10 banks, is headed by the well-connected Mr Mikhail Khodorkovsky. It was one of the most active participants in last year's controversial privatisation programme. The senior government official who authorised the swap with Menatep this week defended the arrangement. "I see no reason to

become hysterical about this," said Mr Sergei Belayev, former head of the State Property Committee, the government agency responsible for privatisation, who signed the decree. He said the trade was an attempt "to cement the union" between Menatep and the government - the only objections were from Menatep's rivals "who wish

that they were equally trusted by the government". Mr Belayev also rejected the view that the swap had undervalued the shares. "We would never have been able to sell those shares on the open market in 1996: the market will die ahead of the presidential elections," he said. He argued that because the shares were "unsellable" it was

OIL COMPANY SHARES MENATEP RECEIVED

- 3.87 per cent of Sidanko
- 9 per cent of Tiumen Oil
- 4 per cent of Komitek
- 0.23 per cent of Onakho
- 0.46 per cent of Vostochnaya Oil
- 1.13 per cent of Ust-Ilimsk

reasonable for the government to use them to secure its strategic alliance with Menatep.

MCI and News Corp may seek listing for TV venture

By Tony Jackson in New York

MCI, the US phone company, and Mr Rupert Murdoch's News Corporation are considering a public listing for their new US satellite TV joint venture. MCI said that the business should eventually be worth between \$7bn and \$8bn. On Thursday, MCI won a government auction for the last available nationwide satellite TV spectrum with a bid of \$682m. It has formed a 50-50 joint venture with News Corp to develop a satellite service at an estimated further cost of \$1bn. The total cost and subsequent profits will

be equally divided between the two partners. Mr Doug Maine, MCI's chief financial officer, said yesterday that other partners would be brought into the venture, reducing over time the stakes held by MCI and News Corp. The partners would also give "serious consideration" to going public to help finance the venture. Mr Maine said the combined value of two existing US satellite operators, DirecTV and USSB, was estimated at \$7bn to \$8n. "That is the kind of valuation we believe this venture will develop over time," he said. Earlier this week, the phone

company AT&T paid \$157.5m for a 2.5 per cent stake in DirecTV, valuing the satellite TV operator at \$5.5bn. The new venture will broadcast on 150-200 channels and aim to provide entertainment similar to that put out by BSkyB, the UK satellite service which is 40 per cent owned by News Corp. It will also provide various business services, including the downloading of data from the Internet. The digital technology on which the service will be based, known as direct broadcasting by



Continued on Page 22
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STOCK MARKET INDICES

FT-SE 100: 3,734.7 (+0.5)	Yield: 5.85%	US LUNCHTIME RATES: Federal Funds: 5.1%	STERLING: New York lunchtime: 1.501	DOLLAR: New York lunchtime: DM 1.49
FT-SE Euro Stoxx 100: 1,838.40 (-7.58)	FT-SE-A All-Share: 1,858.50 (Same)	3-m Treas Bill: Yld: 5.099%	London: \$ 1.503 (1.5147)	DM 1.4912 (1.4763)
Nikkei: 20,863.34 (+249.15)	New York lunchtime: Dow Jones Ind Ave: 5,847.18 (+30.35)	Long Bond: Yld: 110%	DM 2,2412 (2.2361)	FFr 5.1248 (5.076)
S & P Composite: 619.07 (+2.04)	Regent Kingph: 112.04	Yield: 6.191%	DM 7,8957 (7.8887)	SFr 1,204 (1.1979)
			SFr 1,8128 (1.7994)	Y 106.675 (106.48)
			Y 180.327 (181.293)	S Index: 96.8 (96.3)
			L Index: 93.1 (Same)	Y Index: 96.8 (96.3)
				Tokyo close Y 106.8

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NEWS: EUROPE

Social Democrats fall behind conservative opposition for first time

Poll shock for Swedish party

By Hugh Carnegie
in Stockholm

Sweden's governing Social Democratic party, which has dominated the country's politics for more than six decades, was shaken yesterday by an opinion poll which showed it trailing the conservative opposition Moderate party for the first time in polling history.

It was a dramatic illustration of the problems facing Mr Göran Persson, the finance minister, who is to take over as prime minister in March when

Mr Ingvar Carlsson retires. A year of stringent budget measures, stubbornly high unemployment and a series of minor scandals affecting senior figures in the party hierarchy have eroded public backing for the Social Democrats.

Support for the party slumped to 29 per cent in the Temos poll for the newspaper Dagens Nyheter, a fall of 3 percentage points since December and far below the 45.3 per cent it achieved in winning the 1994 general election.

The Moderates rose 1 point

to 30.5 per cent, consolidating an upward trend in recent months from its customary base level below 25 per cent. Ironically, most of the gain has been made since Mr Carl Bildt, the party leader and former prime minister, has been absent in Bosnia involved in the international peace effort.

Mr Persson played down the significance of the poll, emphasising that the next general election was not due until September 1998. "The fact that we will stick to the consolidation of the state finances and will

cut unemployment will be decisive for the next election," he told the Renter news agency.

The Social Democrats, although in a minority in parliament, are protected by the fragmentation of the opposition. The Moderates' three small-party partners in the 1991-94 right-centre coalition are all struggling in the polls. At the same time, the Left and Environment parties, which are trenchant opponents of the Moderates, have strengthened their support to a combined level of 26 per cent.

Nevertheless, Mr Persson faces a hard task in rallying his troops. In an attempt to reassure disaffected left-wingers in Social Democratic ranks he published plans last weekend to restore unemployment (only recently cut), raise taxes and halve unemployment.

However, the proposal did little to calm divisive debate in the party over economic policy. And it prompted a sharp reaction on financial markets which remain nervous about Sweden's high state debt.

All Bosnia war prisoners to be freed

By Paul Wood, Bernard Gray
and Bruce Clark

Bosnia's former warring parties yesterday agreed to release all prisoners and committed themselves to confidence-building measures aimed at reducing the risk of new flare-ups.

The agreements were a welcome boost for the peace process laid out in the Dayton accord, which has been undermined by the continued presence of irregular Muslim fighters in the war zone, and slow progress over prisoners.

The prisoner exchange was agreed at landmark talks in the Bosnian Serb stronghold of Pale, while the confidence-building steps were settled in Vienna.

In London, however, the US com-

mander of western forces in Bosnia said demands for the permanent provision of suspected mass graves reflected a misunderstanding of the Dayton pact.

"Within the resources, and consistent with our primary missions, when asked, we will provide what help we can to investigate grave sites," said Admiral Leighton Smith, "but we won't guard individual sites," adding that "we will, however, provide an environment in which the investigators can work."

The admiral said tension over war graves had arisen from "false expectations" about what the peace accord was able to deliver. "No-one has read the Dayton agreement," he said.

The issue of how much Nato should

help with investigating mass graves and apprehending war criminals has been a source of tension between the military and civilian wings of the alliance. Admiral Smith said extra troops and a new mandate, would be needed before organising a permanent guard of mass graves. While 60,000 troops might seem a large force, many were logistics and support personnel. The much smaller frontline force had a 500km confrontation line to patrol.

Nato's civilian masters have made clear that for political reasons, they want western forces to help as much as possible in investigating atrocities. But the admiral insisted that fear of "mission creep" (an unplanned broadening of their mandate) was still high.

Western governments are already

embarrassed by the fact that Bosnian Serb leaders who have been indicted for war crimes appear to be alive, well and in no immediate danger of arrest.

One such, Mr Radovan Karadzic, met Serbia's President Slobodan Milosevic in Belgrade yesterday as part of a delegation from Serb-held Bosnia pressing for renewal of economic ties.

At the Vienna meeting, Bosnian Muslims and Croats agreed with their Serb adversaries to swap information on their arsenals and submit to inspections by the Organisation for Security and Co-operation in Europe.

The Serbs had objected until the last moment to the idea of intrusive inspections by the OSCE, suggesting that the warring parties should merely monitor one another's equipment.

Sarajevo has problems adjusting to peace

Drivers in Sarajevo's main shopping street had become used to swerving to avoid a small table laden with fresh flowers marking the spot where 37 people were killed by a shell last August.

But peace and falling petrol prices have brought much more traffic on to the roads. Now, the simple memorial of an event which horrified the international community and led to Nato airstrikes against the besieging Serbs has been taken away. Outwardly at least, Sarajevo is looking to its future.

Businesses are preparing for better days and after four years of war, Sarajevo has the appearance of a town coming back to life.

New cafés are opening, sniper screens are coming down, streets are busy, and shops are selling pineapples, fresh mushrooms and tangerines - luxuries during four years of siege.

A store full of gleaming bicycles has opened in the centre of town, a language school has started - English and French lessons are popular with those wanting to work for international agencies - and glaziers are beginning to tackle thousands of broken windows.

Roadblocks have been cleared and checkpoints dismantled. Sarajevo can now drive out through the Serb-held suburbs, which will be handed back to the govern-

The capital's streets are busy but there's no buzz - and not much business, writes Harriet Martin

ment next month. Most are too scared to do this. But one of the few who has, 24-year-old Ajla Zilic, drove last week to a wedding in Mostar, three hours away. "We were all scared and tense," she said, "but people didn't even look at us. After so long being trapped it was beautiful to be able to sit in a car and just drive for hour after hour."

Despite appearances, however, many of the changes in the city are only superficial. The streets are busy but there is no buzz. People are exhausted by the war, and underlying the activity is a deep sense of hopelessness.

The old man working in the office of Centrotrens, the city's main travel agency, is unmoved by the end of the siege or by his employer's determination to capitalise by sending coaches all over Europe.

"I've just left the army," he said, as he warmed himself by a wood stove. "Working here is better than being on the front-line, but they hardly pay me enough to eat." Above him hangs a reminder of better times - a picture of the late Yugoslav leader Marshal Tito.

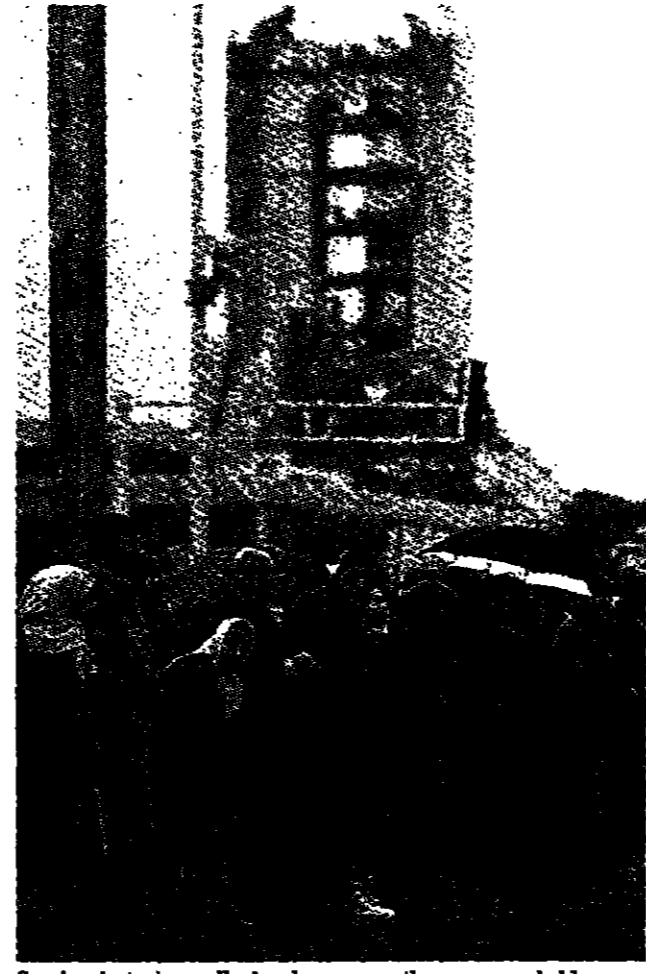
Most people in Sarajevo are unemployed, and 40,000 soldiers from the city are soon to be demobilised; 70 per cent of the population are wholly or partly dependent for their food on humanitarian aid distributions of flour, pasta, beans and rice.

Earlier this month Muhadin Hubanic emptied the jewellery shop he had run for 30 years of gold chains, trinkets and watches, and filled the shelves with bottles of deodorant and cheap perfume.

"No one could afford to buy gold during the war so I decided to try to sell something else. But even selling this stuff hasn't been much better. Peace hasn't kick-started the economy. People have no spending power. The lucky ones have an income of maybe DM40 (\$28) a month. And few of them can afford to spend DMs on deodorant."

Although government employees are paid in dinars, D-Marks are essential for shopping, as retailers will only accept the German currency.

The walls of sandbags have come down from around the Benetton store which opened in September revealing its



Sarajevo's 'sniper alley', where once the gunman held sway, citizens now queue for trams.

brightly coloured wares to Sarajevo's grey central shopping street. But business has not picked up with peace. "I still call it the 'shop of signs'," says Relet Hadzic, the manager. "Most people come in to look longingly, not to buy."

For the moment, the interna-

tional community seems more confident about Sarajevo's future than do Sarajevans. But while aid officials are busily planning to throw millions of dollars at a whole spectrum of improving projects, citizens are still waiting for the real peace dividend.

UK blocks launch of cross-border crime fighter

By Emma Tucker in Rome

Plans to develop a European police agency along the lines of the US Federal Bureau of Investigation to tackle cross-border crime are likely to remain on ice for the near future, because of Britain's continued refusal to allow the European Court of Justice a role in the running of Europol.

Ms Ann Widdecombe, the home office minister, yesterday

told a meeting of counterparts in Rome that Britain had "no doctrinal objection" to referring grievances arising out of Europol to the Luxembourg court. But no-one had convinced the UK that such action would ever be necessary.

"If it can be shown that we need the involvement of the court on legal grounds then we are very willing to look at that," she said.

Sensitive about ceding sov-

erignty to European Union institutions, Britain believes domestic courts will be able to resolve any cases individuals bring against the activities of Europol. But other countries - notably Benelux, Germany and Austria - maintain it would be undemocratic and against the legal rights of Union citizens to establish a pan-European police body not answerable to an EU institution.

The deadlock comes at a

frustrating time for EU leaders, many of whose countries face rising crime. Organised cross-border crimes such as car theft and drug smuggling have flourished particularly since internal border controls for goods were removed. All countries agree on the need for a pan-European response.

Government heads last year promised to have the agency up and running by June. But until all national parliaments have ratified the Europol convention, the fledgling body (to be based in The Hague) cannot begin operating as it is barred from storing, pooling or using

personal data. "Europol is just a building with empty rooms," in the words of one Dutch diplomat.

Since the convention was signed last summer many member states, including Britain, have begun ratification. But the Dutch parliament insists it will not pass it into national law until the European Court is given a role.

Various proposed protocols under which member states would be granted the right to "opt-in" to use the court, have not succeeded because of British opposition. It objects because a decision taken by

Russians switch on to local TV

By Raymond Snoddy

Dramatic growth in local and regional television stations in Russia offers western advertisers an additional way to reach Russian consumers, according to the UK company that regularly monitors viewing figures.

Unofficial estimates suggest the total advertising market in Russia totalled \$1bn last year. Around 100 new television stations were established in 1995, Mr Gordon Heald, director of Russian Research and former managing director of the Gallup polling organisation, says.

Mr Andrei Bistricki, a consultant to Russian Research, believes between 300 and 400 stations, many small and local, are broadcasting, out of a potential 600 holders of broadcasting licences.

Russian Research, in the first detailed figures for the top 100 local and regional television stations, says collectively they account for 13.9 per cent of total viewing.

ORT, the dominant national channel, has 57.3 per cent of viewing. Russian Research believes the boom in advertising on local channels came after the murder last March of Mr Vladislav Listyev, the head of ORT. At the time of his death Mr Listyev was negotiating new advertising contracts.

"ORT did not carry any advertising until the end of August," Russian Research says. During that period advertisers turned to emerging regional television networks and programme syndicators to reach audiences across Russia.

By attaching advertising to programmes syndicated across the country local stations advertisers can reach large audiences without having to deal directly with a large number of stations.

Russian Research, which has set up viewing panels across Russia who record their viewing habits in diaries, has also carried out research on the effects of television advertising and the spontaneous recognition of western brands.

Eighty per cent of the population now spontaneously recall Mars, Mercedes, Adidas and Pepsi-Cola. Recognition for Whiskas is only slightly lower, at 75 per cent.

Thirty-five per cent of Russians read a local newspaper every day, compared with at most 10 per cent reading the most widely distributed national newspaper.

A prominent Russian television producer was shot dead in his flat on Thursday night by two unidentified gunmen, prompting the International Press Institute to call for stronger measures to protect Russian journalists, reports John Thornhill in Moscow.

The victim, Mr Oleg Slayenko, 34, produced the Moment of Truth talk show, which often includes political interviews. Several Russian journalists have been killed in recent years after conducting investigations into government corruption.

EUROPEAN NEWS DIGEST

Chirac signals end of call-up

French President Jacques Chirac yesterday promised to replace compulsory male military conscription with civilian public service in schools, inner cities, humanitarian aid and environmental work. Universal military service was "no longer adapted to the modern world", he told students during a regional tour of France.

Its replacement scheme would apply to young women as well as men and respect the republican principles of equality and universality, which he said no longer applied to military service.

His speech echoes his campaign pledges in the presidential election race last year to abolish military service during his seven-year term, and follows comments from several politicians in the past few days that he was beginning to discuss the issue.

Mr Paul Quilès, the opposition Socialist party spokesman on defence, said the "spectacular announcements" were "hazardous", however, in the absence of any serious government reflection on the subject. The change could prove delicate, given the potential costs of switching to a professional army from a largely conscripted one at a time of fiscal restraint and given that the country already suffers unemployment of more than 11.5 per cent - substantially higher among young people.

In 1994, there were 262,000 male conscripts with an average age of 21. There were just over 7,000 conscientious objectors. *Andrew Jack, Paris*

French trade surplus soars

France's external trade surplus reached a record FF14.06bn (\$2.83bn) in November, according to seasonally-adjusted figures from the customs department. The net surplus largely reflects a sharp drop in imports to FF104.65bn from FF110.26bn in October. November's figure is more than double October's FF6.38bn, and brought the cumulative surplus for the first 11 months to FF36.12bn, compared with FF72.85bn for the same period of 1994.

Exports rose from FF116.65bn in October to FF118.72bn during November. Customs said there had been no discernible effect from the boycott of French products following the controversy over nuclear testing.

Industrial and military exports totalled FF8.98bn, including FF2.55bn for six Airbuses. Energy was in deficit by FF3.86bn, while there was a surplus of FF5.14bn in the agriculture and food sector.

The statistics suggest the trade surplus for the year will easily exceed the government's most recent prediction of FF100bn. *Andrew Jack*

Zil director sacked

Zil, the once-prestigious Russian limousine manufacturer, has sacked Mr Alexander Yefanov as its general director after outside shareholders expressed dissatisfaction with his attempts to turn the troubled company round. A Zil official said Mr Yefanov had failed to tackle urgent problems, pursued chaotic staffing practices, and misused funds raised from property sales.

Mr Yefanov's removal is a further example of how shareholders are beginning to exercise control over enterprises previously answerable only to Moscow ministries. Zil is best known for building the sleek black cars used by all Soviet politico-bureaucrats, but it also makes trucks. It came close to bankruptcy in 1994 and has slashed production - last year it made just 11,000 vehicles, compared with production capacity of 200,000. Zil has been plagued by management disputes for several years. Mr Yefanov is also chairman of the Mikrodin trading company, which owns 26 per cent of Zil's shares. *John Thornhill, Moscow*

Search for new Polish PM

Poland's President Aleksander Kwasniewski yesterday accepted the resignation of Mr Jozef Oleksy, the prime minister, who has been accused of spying for the Russians. In the search for a successor he had talks with two Solidarity-based opposition parties, the Freedom Union and the Union of Labour, which suggested a non-party cabinet of technocrats headed by Mr Waldyslaw Bartoszewski, the 78-year-old former foreign minister.

Leaders of the two government coalition parties, the former communist Left Democratic Alliance (SLD) and the Polish Peasant party (PSL) were due to meet last night to try to agree on a common candidate. The SLD, the largest party in parliament, has hinted that it is ready to propose new names in place of its two favourites, Mr Marek Borowski, a former finance minister, and Mr Wlodzislaw Cimoszewicz, the deputy speaker of parliament, who have failed to win the support of the PSL. *Christopher Bobinski, Warsaw*

Czech rail sell-off proposed

The board of Ceske Drazky, the Czech state rail concern, yesterday decided to propose privatising about a third of its network as part of a restructuring plan. The plan, under which offers from foreign companies would be considered for the 3,500km of lines, will be put to ministers next week.

In October, the cabinet agreed to a measured approach on privatising the loss-making railway company - the country's largest employer with 107,000 workers - by selling minor local lines, followed by a reworking of the ownership and financial structure of the railway. *Reuter, Prague*

Fewer drugs on Balkan route

Drug traffickers appear to be making less use of the Balkan route through Turkey, Bulgaria and Romania to western Europe, customs officials said yesterday after Bulgaria reported a big drop in seizures of illegal drugs last year.

However, officials said they were concerned by a haul of 40kg of heroin this week at the Danube ferry link between Vidin and the Romanian town of Calafat. The consignment, possibly destined for western Europe, could have originated in Bulgaria, suggesting the start of an illegal drug industry inside the country, they said.

More than 22 hectares of land have been planted with opium poppies in Bulgaria in violation of the country's laws and the United Nation's convention on drugs, according to health ministry data. The chief prosecutor has declined to take action, saying growing poppies does not amount to drug production. *Reuter, Sofia*

French corruption law reform sought

By Andrew Jack in Paris

An influential French business organisation yesterday added its weight to growing calls for fundamental reform to the country's laws dealing with corporate corruption.

The Paris Chamber of Commerce and Industry recommended changes in the 60-year-old criminal law most widely used in business corruption cases - called *abus de biens sociaux*, or misuse of corporate funds.

The Chamber argued for the crime to be more narrowly defined to ensure that it only covered acts clearly against the interests of a company, and for payments of material

amounts exclusively for personal gain.

It said there should be a limit of six years after the corruption had taken place and of three years after it was unearthed, following which it could no longer be legally pursued. There are currently no limits.

It also said the maximum penalties permissible under the law should be reduced from five years to three years' imprisonment, in line with the penalties for abuse of confidence.

The demands echo a number of recent calls for change. Mr Pierre Magesaud, chairman of law commission of the French national assembly, last year

proposed a reform to the misuse of corporate funds law, which would limit the time after which an alleged case of corruption could be pursued.

The ideas provoked a strong reaction. In an article in *Le Monde* earlier this month, representatives of three judicial organisations called them a "soft amnesty" and said the crime was often an important starting point for discovering other broader issues of corruption within a company and acted as a useful means of control against abuse.

The Patronat, the French employers' federation, first called for reforms to the crime in November 1994. Since then,

business has argued that the need for urgent action has grown rapidly, with a large number of executives placed under formal investigation in relation to allegations of misuse of corporate funds.

In the last two years, the heads of such leading French companies as Bouygues, TPF, Générale des Eaux, Alcatel Alsthom and Paribas and the former head of Elf have all come under investigation by French magistrates.

Mr Jacques Toubon, the French minister of justice, has himself said that the law on business needs to be reformed, and has talked about readjusting the balance of legislation between the

commercial, civil and criminal courts.

However, the ministry of justice said last night that it did not have any plans to reform the law on *abus de biens sociaux*, but would take note of the debate in parliament on the subject.

It stressed that any reform carried out in the future would not affect corruption trials of business executives currently under way.

Individual businessmen have also called for reform of the law, including Mr Jérôme Monod, head of Lyonnaise des Eaux, who said yesterday that the definition of the crime of corruption was too vague.

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GmbH, Niederungplatz 3, 40318 Frankfurt
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69 156 630, Fax: ++49 69 396 4491. Represented
in Frankfurt by J. Walter Brand, Wilhelm
J. Brisse, Colin A. Kennard as
Geschäftsführer and in London by David
C.M. Bell, Chairman, and Alan C. Miller,
Deputy Chairman. Shareholders of the
Financial Times (Europe) GmbH are:
The Financial Times (Europe) Ltd, London
& F.I. (Germany) Advertising Ltd, London.
Shareholder of the above mentioned two
companies is: The Financial Times Limited,
Number One Southwark Bridge, London
SE1 9HL.
GERMANY:
Responsible for Advertising: Colin A. Kennard,
Printer: Harry's International
GmbH, Admiral-Rowendahl-Straße 3a,
63263 Neu-Isenburg, ISSN 0174 7363.
Responsible Editor: Richard Lambart, 40
The Financial Times Limited, Number One
Southwark Bridge, London SE1 9HL.
FRANCE:
Publishing Director: P. Mactignis, 41 Rue
La Boétie, 75008 PARIS. Telephone: 011
576 8254, Fax: 011 576 8253. Printer:
S.A. Nord Edita, 1521 Rue de Cham,
F-91190 Roehat Codes 1. Editor: Richard
Lambart, ISSN 1148-2753. Commission
Paritaire No 6780/9D.
SWEDEN:
Responsible Publisher: Hugh Carnegie 466
018 6088. Printer: AB Kvaliteetsgruppen
Expressen, PO Box 6007, S-550 06,
Jönköping.
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Editor: Richard Lambart,
40 The Financial Times Limited, Number
One Southwark Bridge, London SE1 9HL.

Presidential whodunnit is talk of Washington

By Patti Waldmeir and Ashlin Motawi in Washington

It is a crime many wish they had committed, but no one has confessed. The mystery continues to animate the salons and drive the bookstore cash registers of Washington - who done it?

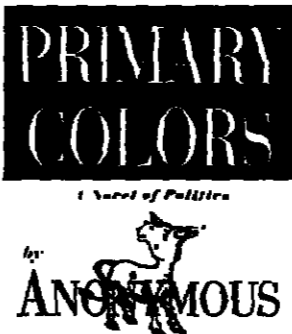
Who wrote *Primary Colors*, which calls itself "A Novel of Politics", and reads like the best kind of contemporary history? It is plausible, thrilling, deftly written and funny. Anonymity just makes it that much more fascinating.

Primary Colors, an account of the early months of President Bill Clinton's 1992 presidential campaign which is only superficially fictionalised. Journalists say it must have been a journalist (on the dubious grounds that only a member of that profession could properly combine political knowledge and the art of prose).

Most of the characters are not only easily recognisable, but drawn with a skill and sensitivity which makes them seem more intensely real than the originals. Chief among them is Clinton himself. The book opens with a passage of brilliant character dissection, an anatomy of the candidate's handshake.

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affection and disdain for Jack Stanton, the southern governor who would be president. They call him "asshole". And they do so in a way which rings so true to the American ear.

Indonesia cuts import tariffs

By Manuela Saragosa in Jakarta

Indonesia yesterday cut import tariffs on 428 products and scrapped many restrictions on foreign investment in a long-awaited trade deregulation package aimed at boosting non-oil exports.

The package comes as imports have been growing faster than exports, causing the current account deficit to swell to \$7.9bn in 1995-96, about 3.8 per cent of gross domestic product.

Mr Mar'ie Muhammad, the finance minister, said the package was designed to "increase the competitiveness of our industries".

Import tariffs on the 428 items, mostly capital goods and raw materials used directly or indirectly for exports, were reduced by an average of 5 per cent. Tariffs were eliminated altogether on several products including crude palm oil, animal feeds and cotton.

Mr Tunky Ariwibowo, the co-ordinating minister for trade and industry, said the government would allow foreign-owned trading companies to provide services supporting the country's exports. These companies would also be allowed to operate in promoting exports in the agricultural, forestry, fishery and mining sectors.

Previously, this area was open only to joint-venture companies in the manufacturing sector.

The package also took steps to streamline bureaucratic procedures "related to reducing the high-cost economy", said Ms Mari Pangestu, senior economist at the Centre for Strategic and International Studies.

Ministers said administrative fees charged by an organisation that monitors textile companies' adherence to export quotas would be scrapped.

The management of quota regulations governing textiles, which rank second to plywood in terms of foreign exchange earnings, will be revised. The current quota system effectively limits growth of textile exports.

Import tariffs on machinery used in the motor industry will be dropped, although tariffs will remain on vehicle components, for which the government is trying to promote a local industry.

US files WTO case over EU beef ban

By Guy de Jonquieres in London

The US yesterday launched its long-threatened legal challenge to the European Union's controversial ban on hormone-treated beef, and expressed confidence that other countries would support its action.

The US has lodged a formal request in the World Trade Organisation for consultations with the EU on the issue. This is the first stage in a procedure which could lead to the creation of a WTO panel to rule on the dispute.

The request has been made under a WTO article which explicitly provides for joint complaints in trade disputes. "We have reason to believe we won't be alone in this," Mr Stuart Eizenstat, US ambassador to the EU, said yesterday.

Mr Eizenstat said the US had been in contact with several other beef-exporting countries. Canada said it had been informed of the US action and New Zealand said it had been asked for its support. Both are considering whether to back the US.

Other countries from which Washington is understood to be seeking support include Argentina, Australia and Mexico. They have 10 days to decide, before the 60-day consultation period begins. If no settlement is reached, the US can ask the WTO to set up a disputes panel, which must rule within 90 days.

Mr Eizenstat said the US was still prepared to seek an amicable solution. But he saw little hope of compromise after this week's EU farm ministers' council, at which all governments except Britain backed the hormone ban.

"The EU has slammed the door. It has shown no willingness or flexibility whatsoever. There is not even a shaft of light in the tunnel," he said.

Mr Franz Fischler, Europe's agriculture commissioner, has said he does not plan to lift the ban, citing strong support for it among consumers.

However, other officials said Mr Fischler faced growing pressure from Sir Leon Brittan, the trade commissioner, to seek a compromise with the US, rather than risk a potentially embarrassing WTO ruling against the EU.

The US complains that the seven-year-old ban violates an agreement in the Uruguay Round world trade deal, which requires that trade restrictions imposed on health and safety grounds be justified scientifically if they do not meet international standards.

No scientific body has supported the EU's action, and an international conference of scientists convened by Mr Fischler late last year concluded there was no evidence that the use of growth-promoting hormones in meat endangered human health.

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Members of the committee applaud President Jiang, who hailed a new stage in China's long march to reunification.

BEIJING SHUNS HK DEMOCRATS

By Jony Walker in Beijing

China yesterday anointed several of Hong Kong's richest and most powerful figures as members of the new Preparatory Committee to help oversee Hong Kong's transition to Chinese rule next year.

Mr Qiao Shi, the third-ranking figure in the politburo and chairman of the standing committee of China's parliament, presided over an induction ceremony in the Great Hall of the People, greeting warmly each of the 150 members of the Preparatory Committee.

Beijing hand-picked committee members from both Hong Kong and the mainland. Conspicuously absent from yesterday's gathering were representatives of the colony's democratic tendency, who have fallen foul of China by advocating greater political freedoms in the post-1997 era.

One of the Preparatory Committee's main tasks will be the establishment of an "electoral college" of 400 Hong Kong people to select a candidate to be the head of the Hong Kong Special Administration Region (SAR), effectively a replacement for outgoing Governor Chris Patten.

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INTERNATIONAL NEWS DIGEST

Senate set to ratify Start II

The US Senate was set to ratify the second Strategic Arms Reduction Treaty yesterday three years after the deal was first negotiated. Start II will cut the number of intercontinental warheads held by Russia and the US to 3,500 each, and is due to be implemented by 2003. However, ratification by the Russian Duma is still highly uncertain, as many nationalist deputies feel that the Treaty favours the US. Under Start II, Russia has to destroy its highly accurate SS-18 land-based missiles, but does not have sufficient submarine-based missiles to reach its allowed ceiling.

Russia is also concerned that the US wants changes to the Anti-Ballistic Missile Treaty, allowing it to field a national missile defence. Proposals may go to a summit between Presidents Bill Clinton and Boris Yeltsin which would reassure Russia on the ABM Treaty, and work towards a Start III agreement with a limit of 2,000 warheads, lessening the imbalance. This would mean more chance of ratification by the Duma.

Manila last night strongly condemned a rocket attack that killed 19 people at a mosque in Free Kashmir, the part of the Himalayan state of Kashmir controlled by Pakistan. Islamabad blamed the assault on the Indian army and a spokesman said: "The government strongly condemns the attack, which was totally unprovoked. The most horrendous part of it was that a mosque was targeted at a time of a prayer congregation."

Pakistan state television said Indian gunners had fired two rockets at a mosque near the "line of control", the temporary border dividing the Himalayan state of Kashmir between areas controlled by India and Pakistan.

Pakistan may take further steps over the incident, such as expelling Indian diplomats.

Record trade deficit for HK
Hong Kong posted its biggest trade deficit last year, sparking concerns of a prolonged slowdown in the economy.

In 1995 the trade deficit stood at HK\$14.7bn (\$1.8bn), almost double 1994's HK\$8.7bn, provisional government figures released yesterday show. Private sector estimates suggest the deficit will not be wiped out with a compensatory surplus in services; instead, an overall deficit of some HK\$22.3bn is forecast, according to Mr Ray Farris, Crosby Securities' head of strategy.

One reason for the higher deficit was heavy imports of capital and intermediate goods, mainly related to the construction of an airport on Lantau island. Exacerbating the trend was the relative weakness of the Hong Kong dollar, pegged to the US dollar, against European currencies and the year: much of the big machinery imports were bought from Japan and Germany.

India's rocket attack condemned
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One hundred 'master copy' paintings by artists of Le Musée Imaginaire, working for the Fondazione dei Falsi d'Autore, will be available for the first time in London.

To mark the first day of the exhibition, a charity auction of a master copy of one of the most famous and expensive paintings in history will take place on behalf of The Prince of Wales Business Leaders Forum.

Exhibition open daily, 10.00 am - 8.00 pm in the Oak Room, Park Lane Hotel, Piccadilly, London W1.

OFFICIAL OPENING: 2ND FEBRUARY
Reception: 6 - 8.30 pm
Charity Auction: 7.00pm

Taiwan decides to walk before it flies

After failing to launch an aerospace business, Taipei is to go in for aircraft parts

Memories of the legendary Flying Tigers, the daredevil pilots who ferried supplies over the Himalayas, the "hump", into southern China during the second world war, have been co-opted by the Taiwanese government as part of a campaign to build a modern aerospace industry on the island.

The government has chosen Air Asia as its aerospace standard-bearer, a company formed 50 years ago by the maverick



An original Flying Tiger plane. Now the Taiwanese want to get their teeth into a modern-day aircraft business

US General Claire Chennault, who had commanded the Flying Tiger fleet against Japanese forces and assisted the nationalist Chinese against Mao Zedong's communist troops.

Air Asia was also caught up with the US Central Intelligence Agency and its controversial Air America operation during the Vietnam war, when its base in Tainan, southern Taiwan, was an important service facility in east Asia. The government now hopes to turn that base into a regional aircraft maintenance centre and a hub for components manufacture.

The new focus is an admission by Taiwan that far more ambitious manufacturing plans are unlikely to be realised in the short term. In the early 1990s, the government dreamed of creating from scratch an all-encompassing, world-beating aerospace industry.

Those dreams were shattered by the much-publicised collapse of two separate deals to make short-haul passenger jets in Taiwan, first with McDonnell Douglas of the US in 1982 and then with British Aerospace in 1983.

After that humbling start, the government's aerospace policy team went into virtual seclusion to lick wounds, regroup and produce a new development plan.

"This time we are more practical," said Mr David Chu, who chairs the Committee for Aviation and Space Industry Development, a cabinet task force set up to guide development of the industry. "Before, we wanted to build the whole plane. But now we believe we

should develop our aerospace industry from components or substructure first. We feel we should go step by step."

The revised approach focuses on services as much as manufacturing, and is part of a wider government plan drawn up last year to transform Taiwan into an Asia-Pacific centre for air services, including cargo trans-shipment, aircraft maintenance and parts manufacturing.

Taiwan Aerospace (TAC), a government-backed vehicle founded in 1981 to build the industry and the owner of Air Asia, is capitalised at \$200m (£190m). It will play the role of a venture capital company, taking stakes in manufacturing and engineering ventures.

But Taiwan's hopes of big-ticket prestige deals have not faded away entirely. Mr Chu said negotiations between TAC and BAe were continuing, with the aim of a four-way venture with Korean and Chinese partners.

"We really missed a good opportunity," he said, lamenting the earlier deal's collapse. It was TAC's low-profile chairman, Mr Jack Sun, who decided TAC should buy Air Asia in late 1994. At that time, TAC was wracked by turmoil and had few accomplishments.

Private shareholders, culled from the ranks of Taiwan's largest companies, were on the verge of pulling out. TAC has since been more active. It has taken a stake in a venture with the US's Swearingen Aircraft to build a business jet in the US, with some components to be made in Taiwan.

"Maintenance is a very important strategy for the aircraft industry," said Mr Chu. As early as this year, Taiwan's defence department will begin contracting out maintenance to private sector companies for the first time, eventually privatising most maintenance.

This will mean significant new business for Air Asia, which had gone steadily downhill since the US broke diplomatic relations with Taipei in 1979 and closed its military bases on the island. Mr Chu estimated the military would have 700 aircraft in three to five years and there would be more than 200 civil aircraft in need of maintenance.

THE RTZ DAVID WATT MEMORIAL PRIZE

This prize is a tribute to a man widely regarded as one of the UK's outstanding writers, thinkers and political commentators.

It was introduced in 1988, following the tragic and untimely death of David Watt, to commemorate his life and work.

To be eligible, entries must have been published during 1995 in English language newspapers or journals and must, in the opinion of the judging panel, have made an outstanding contribution towards the greater understanding and promotion of national or international political issues.

The 1996 Memorial Prize, which is £5,000, is organised, funded and administered by RTZ to whom entries should be sent.

Full details are available from The Administrator, The RTZ David Watt Memorial Prize, The RTZ Corporation PLC, 6 St. James's Square, London SW1Y 4LD.
Closing date for entries is 31st March 1996.

NEWS: UK

Serious Fraud Office to continue prosecutions of senior directors in spite of earlier not guilty verdicts

Maxwell attacks decision for fresh trials

By John Mason and James Harding

Mr Kevin Maxwell yesterday denounced the Serious Fraud Office's decision to proceed with further trials of him and other senior members of the collapsed Maxwell empire as a political move designed to win votes.

The SFO decided to pursue the charges even though Mr Kevin Maxwell, his brother Mr Ian Maxwell and Mr Larry Trachtenberg, a former adviser to Robert Maxwell, were all acquitted of conspiring to defraud the Maxwell pension funds last Friday.

"I believe I am the victim of a political decision made by politicians in the

run-up to a general election," Mr Kevin Maxwell said.

The SFO's decision to carry on in spite of the not guilty verdicts and intense criticism of its performance was reached after a week of extensive debate among its lawyers. It told the court that the move had been made only after "careful and painstaking" consideration of the legal issues.

Mr Kevin Maxwell's suggestion was swiftly rejected by Sir Nicholas Lyell, the attorney-general. He said he "completely refuted" the suggestion of political interference in the SFO's decision.

Sir Nicholas said he was consulted on Thursday about the SFO's conclu-

sion and "thoroughly supported" it. Such consultation was "normal in cases of great public importance", he said.

Mr John Morris QC, the shadow attorney-general, supported Sir Nicholas, saying: "We all know perfectly well that the attorney-general has no role in the day-to-day running of a case. His role in these matters is completely non-political."

Lawyers involved in the case regard the SFO assessment as the most difficult the office has ever had to make. With further charges pending against Maxwell directors, whatever decision it made was almost certain to provoke more attacks.

The SFO announced in court that it would continue prosecutions of Mr Kevin Maxwell, Mr Trachtenberg and two other former Maxwell directors, Mr Albert Fuller and Mr Michael Stoney. The charges against the first three men concern the use of shares in Berlitz, a former subsidiary of Maxwell Communication Corporation. The other charges concern only Mr Stoney and involve a £50m loan to Mirror Group Newspapers.

However, the SFO dropped the single outstanding charge against Mr Ian Maxwell, saying it would be wrong to continue when it was never claimed it made sense almost certain to provoke more attacks.

Mr Robert Bunn, a former Maxwell group finance director, on grounds of his ill-health. Defence lawyers protested that any further prosecutions would be oppressive.

Afterwards, the two Maxwell brothers stood together to give statements outside court. Mr Ian Maxwell said he was "naturally very pleased" to be cleared of all charges. Mr Kevin Maxwell said his brother's prosecution had been "vindictive" and only brought because his surname was Maxwell.

It is expected that the prosecutions will be divided into two or more trials. The earliest first could start in October this year.

UK NEWS DIGEST

Growing rift clouds Irish peace process

The Northern Ireland peace process was thrown into fresh doubt last night as Sinn Fein ruled out participation in an elected body to pave the way for all-party negotiations.

Amid signs of a growing rift between London and Dublin over Mr John Major's proposal for elections to a Northern Ireland Assembly, Mr Gerry Adams, leader of Sinn Fein, said the party's opposition to an election was "implacable and absolute."

Speaking after a meeting in Belfast with Ms Mo Mowlam, shadow Northern Ireland secretary, Mr Adams accused the prime minister of "dumping" the findings of former Senator George Mitchell's international body on arms decommissioning, published on Wednesday, and adopting a "Unionist agenda."

Mr Adams said that elections "obviously have to play a part somewhere as we come to a settlement, but not as a precondition to talks about a settlement. If Unionists want to run with that, let them come into talks and put it where it belongs as part of the necessary discussions."

Mr John Bruton, the Irish prime minister, urged Mr Major to honour an agreement between the two governments made in November that all-party talks would be convened by the end of February.

"That is what the Irish government stands on. We stand by the agreement we made," Mr Bruton said.

Officials said that Mr Dick Spring, the Irish foreign minister, would meet Sir Patrick Mayhew, Northern Ireland secretary, for talks in London on Thursday. *John Murray Brown, Dublin*

Virgin weighs TV appeal

Mr Richard Branson's Virgin group will consider this weekend whether to appeal against yesterday's High Court rejection of its judicial review into the award of the Channel 5 licence to Channel 5 Broadcasting.

"An appeal is a matter that clearly we will consider," Mr Branson said yesterday.

Lord Justice Henry and Mr Justice Turner rejected Virgin's argument that the Independent Television Commission, the commercial television regulatory body, had unlawfully allowed Channel 5 Broadcasting to enhance its bid after the applications were submitted, or was unfair when it decided Virgin's programme plans were inadequate.

The judges accepted that the Channel 5 Broadcasting shareholders had made no binding commitment to invest more than £200m (£311m) in the project, even though a further £101m was needed to maintain the service in the worst circumstances.

The ITC said the way was now open to go ahead with granting the Channel 5 licence to Channel 5 Broadcasting.

Throughout the legal process, the CSB consortium, which brings together MAI, the financial services and broadcasting group, Pearson, owner of the Financial Times, CIT of Luxembourg and Warburg Pincus, the US investment bank, has been pushing ahead, and said yesterday it was on schedule to launch Channel 5, which should be available to around three-quarters of the UK population, on January 1 next year. *Raymond Snoddy, London*

Credit licence under threat

Colorvision, the Liverpool-based television and video retailer, faces the loss of its consumer credit licences - the first listed UK company to do so.

Action to revoke the licences has been taken by the Office of Fair Trading, which said the group had - among other things - used misleading price indications and advertisements, not offered refunds where appropriate, and entered false information on credit agreement forms.

The move poses a threat to the future of the business, which employs about 700 people at 85 stores. The company's shares yesterday fell 9p to 30p.

Colorvision, which makes up to half its sales under credit arrangements, immediately lodged an appeal. The licences remain in effect until the appeal is decided. The OFT warned last October it was "minded to revoke" the licences following customer complaints. *David Blackwell, London*

Spending divides the sexes

Seventeen per cent of the population enjoy going shopping and frequently go to browse rather than buy, reports Mintel, the market intelligence group. A further 18 per cent say they occasionally go just to look, according to a survey of over 1,600 adults. Only 24 per cent of men fall into these "addicted" or "happy" shopper groups, compared with 45 per cent of women. "Purposeful" shoppers make up 85 per cent of the population - this group finds shopping can be enjoyable but usually go for a specific item. Meanwhile, "reluctant" shoppers, 15 per cent of adults, say they do not like shopping and generally only go when it is essential. "Obstinate" shoppers, at 13 per cent, hate going shopping and only go when it is essential. Some 38 per cent of men are reluctant or obstinate shoppers, compared with 19 per cent of women, said Mintel. *Diane Summers, London*

UEFA ban lifted on clubs

English soccer clubs Tottenham Hotspur and Wimbledon yesterday had their one-year bans from European competition quashed by UEFA and replaced by fines.

The bans - which would have ruled the clubs out of European competition the first time they qualify in the next five years - were imposed for their half-hearted participation in last summer's Intertoto Cup, a new UEFA competition.

The clubs' appeal, accompanied by a wealth of documentary evidence, was successful, with fines of £30,000 (£35,500) for Spurs and £20,000 for Wimbledon levied instead.

After hearing evidence that the English clubs had received approval to field line-ups including youth and loan players in the Intertoto competition, UEFA spokesman Salvatore Cucu, announced the decision, saying: "Based on the facts and the comprehensive documentation, the board decided that the sanction imposed was too severe."

Tottenham are currently fourth in the English Premier League, while Wimbledon's chances of qualifying for Europe this season appear more remote. *PA News, London*

Mobile phone growth 'could halve BT share'

By Alan Cane in London

British Telecommunications' share of the basic UK telecoms market is likely to halve over the next five years as mobile phones progressively replace the fixed variety, a leading consultant said yesterday.

Mr David Lewin, a director of Ovum, a London-based information technology consultancy, said the threat to conventional telephony from the mobile phone explosion had been underplayed. While there was concern about the failure of competition to cut into BT's market share, the effect of the demand for mobile communications had been largely ignored.

He calculated that BT had 70 per cent of the market for voice and leased lines services

at present, but that it would fall to 35 per cent by 2000. Mobile operators had only 20 per cent of the market at present but their share would rise to 60 per cent by 2000. Other fixed operators such as Mercury Communications, Colt, MFS and Energis would see their total share rise only modestly from 10 per cent today to 15 per cent in 2000.

Mr Lewin said that subscribers to mobile phone services were growing at 60 per cent a year and revenues were growing at 30 per cent a year. Subscribers to fixed line services, however, were growing at only 2 per cent a year and revenue growth was flat.

He said that mobile phone penetration, measured as the number of phones per head of population, would equal fixed

line penetration by about 2002. The UK has four mobile phone operators: Vodafone, Cellnet, Mercury One-2-One and Orange Communications. BT owns a majority stake in Cellnet but has been forbidden to buy out the minority shareholder, Securicor.

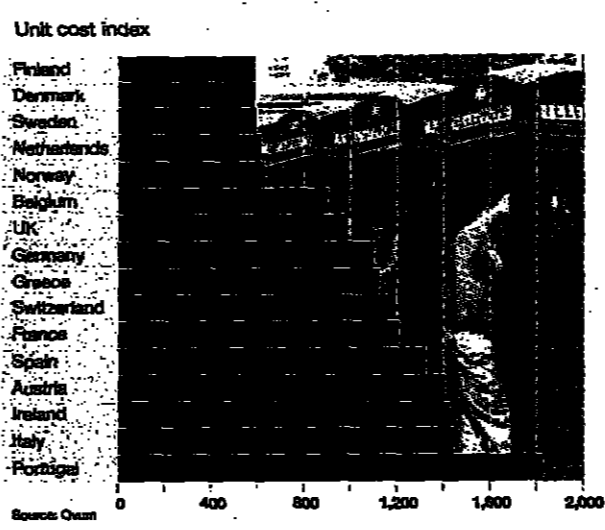
Mr Lewin was speaking at a London conference organised by the merger and acquisition specialist Regent Associates. He painted a gloomy future for Europe's principal telecoms operators with profits squeezed by continuing reduction in unit costs, steady increase in competition and revenue growth limited to about 2 per cent annually. "The operators' problem is that traffic volume is growing at 9 per cent a year but prices are falling at 7 per cent annually," he said.

He foresaw two future developments which might accelerate revenue growth: business, where a variety of communications technologies are deployed to replace business branches, agents and so on, and interactive home services linking the phone to the television set and personal computer.

While BT's efficiency had improved over the past decade as measured by unit costs, it was still way behind the best operators. A comparison showed Scandinavian operators the most efficient, Mediterranean operators the least.

The winners in the price war would be multinational companies. Mr Lewin said the cost of international calls could fall by two thirds by 2003 as Europe opened to full competition.

European telecoms: efficiency league table



Abbey writ over Barings link

By Alison Smith, Investment Correspondent

UK bank Abbey National's treasury operation has issued writs against individuals and organisations challenging the way in which its joint venture with Barings was ended after the collapse of the UK merchant banking group in February last year.

Abbey's action follows the breakdown of discussions on ending the former joint venture of Abbey National Baring Derivatives. More than £30m (£45.5m) is thought to be in dispute in terms of the balance in accounts in the joint venture, and in the loss of future profits.

Writs were lodged in the High Court yesterday against Internationale Nederlanden Groep, the Dutch bank which bought Barings after the collapse; Baring Brothers Limited; and the Barings administrators. They have not yet been served on the defendants.

The ANBD joint venture was set up in August 1993 to provide derivatives to counterparties who were mainly banks and building societies.

Barings had been obliged under the terms of the original joint venture contract to provide its staff, premises and computer systems. However, the administrators passed on the contract to ING, which Abbey says they did not have the authority to do. It also claims that ING did not then meet the terms of the contract.

Abbey claims that balances owed to it in the joint venture's banking accounts come to about £31m. However, only about £5m-£10m of that total is thought to be at issue.

No amount is being stated for the claim of loss of future profits. This would be the difference between what Abbey would have expected to make from the venture if the contract had lasted until 1998, and what it expects to make from the re-started operation.

However, in 1994, ANBD made about £5m profit, and this could have been expected to grow. The total Abbey is seeking in this regard could be more than £25m.

Abbey has not provided against the possible loss of the bank balances in its 1995 accounts, because it says it is confident of recovering it.

The group said yesterday: "Abbey National Treasury Services regrets having to take the action." It added that it had tried since June to negotiate an "amicable settlement."

Neither ING Barings nor Ernst & Young would comment yesterday.

News of this latest writ comes a few days after the Barings administrators issued writs against three firms of accountants, alleging negligent auditing, and claiming several hundred million pounds in damages.

KPMG ready to unlock its salary secrets

By Jim Kelly, Accountancy Correspondent

A document now under lock and key at the London headquarters of Big Six accountants KPMG holds information the firm's competitors would die for. Bizarrely, KPMG is going to publish it on Tuesday.

It could change forever the relationship between accountants and their clients. It may also spark a fresh, and potentially damaging, round in the rumbling debate on "fat cat" pay.

Colin Sbarman, senior partner, has promised that Tuesday will see the release of a "pic-sty" annual report and accounts showing the financial anatomy of an organisation which last year had a revenue of £400m (£604m).

KPMG will be the first of the Big Six

in the UK to disclose so much - but it is not doing so entirely by choice. It announced last year that it was turning most of its audit business into a limited liability company in order to try to ring-fence the personal assets of partners from the growing threat of litigation.

All the Big Six firms face this problem. Under the law of joint and several liability, auditors can end up paying all the damages in a case even when they were only partly to blame. Insurance is scarce and the cost of dealing with actions is escalating.

"Incorporation" is KPMG's way of reducing the potential impact of such litigation. The price they had to pay was the publication of the company accounts. They made a virtue of a necessity and will publish accounts for

the whole UK firm. The rest of the Big Six are likely to try another way. At least three are looking at off-shore registration as limited liability partners. But Ernst & Young will still publish a form of accounts even if it does close this route. The others are likely to preserve confidentiality.

While the accounts published on Tuesday may reveal fascinating data the wider public will seize on the question of how much partners earn.

Partners are not like the directors of a company. They are owner-managers with equity at stake - and the ever-present dangers of liability to offset high rewards.

But the real problem with the earnings revealed on Tuesday will not be their level, which may disappoint some critics, but the fact that the average

numbers will apply not to 20 directors on a large company - but to nearly 600 partners.

KPMG is set to release two average remuneration figures - one for salary alone, and one for salary plus a share of profits and a notional pension. Estimates are tentative but observers think these two numbers will be around £120,000 and £180,000. That means total remuneration would amount to £110m - 20 per cent of revenue.

In fact averages are likely to be misleading. It is unlike the rest of the Big Six in being a group of several firms with a general partnership of about 20 at the top. Those at the top are likely to be earning far more than the average. It will be revealed how much the senior partner earns. Estimates range up to £750,000.

Hip Brits set to boost next cult movie

By Alice Rawthorn

The film *Trainspotting*, which opens in the UK next month, has all the ingredients of a cult hit. A darkly witty tale of a gang of Edinburgh losers - based on the hip novel by Irvine Welsh - it is filmed by the team behind last year's box office success *Shallow Grave* and sports a soundtrack featuring the likes of Primal Scream.

When PolyGram, which is distributing the movie in the UK, brings out a film with a £1.5m (£2.26m) budget, it usually spends £150,000 on promotion. It is spending £200,000 on *Trainspotting*. This is because PolyGram, which co-funded the film with Channel 4, believes it could be a "crossover", one of those rare low budget pictures with the potential to attract people outside the core youth market.

"A film like *Trainspotting* is bound to appeal to a certain part of the market, but there are so many elements to it - the humour and strong characters - that we think it can go wider," said Peter Smith, the managing director of PolyGram's UK film subsidiary.

"That's why we're treating it like a blockbuster."

The omens are good. The market for crossovers has expanded steadily in the 1990s. The landmark was Quentin Tarantino's *Pulp Fiction* - released in 1994 by Miramax - the "independent" film production subsidiary of Walt Disney - which has taken more than over \$200m worldwide. It was followed by *The Usual Suspects*



and *Shallow Grave*, both PolyGram films, which grossed \$51m and \$20.5m respectively. These pictures can be much more profitable than blockbuster movies because of their low production costs: \$9m for *Pulp Fiction* and \$6m for *The Usual Suspects*.

Trainspotting should also benefit from the current vogue for British youth culture. The Britpop phenomenon has been widely reported by the international media and is now translating into commercial success with Oasis becoming the first Britpop act to succeed in the US, where they are now fifth in the album chart. The London art scene also has a high profile with the work of 21 young UK artists - including Damien

Box office performance of 1995 youth cult films

Production	Worldwide Box Office
<i>Pulp Fiction</i>	\$29.0m / \$176.8m
<i>Shallow Grave</i>	\$6.0m / \$57.6m
<i>The Usual Suspects</i>	\$8.0m / \$51.0m
<i>Trainspotting</i>	\$2.5m / \$20.5m
<i>Kids</i>	\$1.5m / \$14.0m

* Total gross since 1994 release is more than \$200m
Source: EDI/Warley

Hirst and Gary Hume - being showcased in Brilliant, an exhibition at the Walker Art Center in Minneapolis.

The grungy drugs scenes, the Britpop music on the soundtrack and Irvine Welsh's cameo role as a drug dealer should help *Trainspotting* when it opens in other countries. But PolyGram's first priority is to make the film a success in the UK. "That's an essential," said Mr Smith. "It won't make it anywhere else if it isn't a hit here."

When PolyGram started planning the film's promotion last spring, its focus was on the youth market. The only magazines allowed on the set were *The Face*, *Sky* and *Time Out* - all youth-oriented titles.

It then chose a graphic design consultancy which usually works in the music business, Stylo Rouge, to handle the advertising.

But when PolyGram saw the finished film last October, it decided to adopt a more broadly based strategy and increased the marketing budget to \$500,000. It has now lined up interviews with the cast in mainstream magazines. There will be screenings in 10 provincial cities, including question and answer sessions with the production team. *Trainspotting* has also been previewed to the media at the usual London venues since mid-November.

The company chose a promotional trailer that emphasises the film's humour. "We

could have gone for social realism," said Christopher Bailey, the head of theatrical distribution. "But the best way to create a general appeal is to show how funny the film is."

Similarly, the advertising, a series of monochrome portraits of the five main characters in exaggeratedly aggressive poses, strikes an irreverent tone.

"We used the same approach - of bringing out the characters - in the ads for *Reservoir Dogs* (Quentin Tarantino's first film)," said Mr Bailey. This time the portraits are mixed with bright orange graphics, making the posters look like advertisements for a rock album, not for a film.

Trainspotting may be marketed differently by its distributors in other countries, although PolyGram has flown in journalists from France and Belgium - two of the other markets where it distributes the film - to the British screenings. It is confident the film will be a hit in Europe, particularly in France, where British social realist films like those of Mike Leigh and Ken Loach, are fashionable.

But it is less certain about the film's prospects in the US, for the simple reason that Americans find it hard to understand the dialogue. Miramax, the US distributor, may have a solution. It is meeting Andrew MacDonald, the producer, next month to discuss whether to make a dubbed version to replace the broad Scottish accents in the original.

Former printers mark the revolution of ink and tears

By Robert Taylor, Employment Editor

News International's move to its fortress-like Wapping complex in London's East End 10 years ago this weekend split the beginning of the end for union power in the national newspapers and launched a revolution in printing.

But it also marked a final victory for the "new realism" in Britain's industrial relations.

Only a year earlier, the miners had been defeated after a prolonged

and violent conflict. The victory by News International's proprietor Mr Rupert Murdoch over the powerful print unions led to other newspaper owners withdrawing union recognition and adopting new computer-based technology.

It also compelled many other unions to drop the strike threat as a tactic. Single union agreements became fashionable as unions sold themselves as allies of change in the workplace. Their leaders began to adjust to the world as it was, not how they might have liked it to be.

Mrs Thatcher's union reforms were vital to News International's success. The legal ban on mass picketing was enforced by the courts, which could seize union assets for unlawful action.

In earlier strikes, the unions had used their control over the distribution of newspapers to get their way. But under the new labour laws, unions could not picket companies unless directly connected to the company in dispute.

News International created a series of companies to handle dis-

tribution so that their warehouses were not the first link in the chain.

Mr Murdoch won a High Court order telling the Sogat print union that it could not instruct its members in newspaper distribution to act against his titles. When it was ignored, they were fined and their funds sequestered. Threatened with further proceedings, Sogat decided to end the dispute on February 5, 1987 rather than face financial ruin.

News International's victory after a 18-month dispute was also helped by the EETPU electricians' union

which co-operated in the recruitment and training of a new labour force. Mr Eric Hammond, the union's general secretary, hoped to gain a larger foothold in the industry. But in the end, Mr Murdoch found he did not need a union at Wapping and refused Mr Hammond's pleas for recognition.

While trade unionism survives in the print industry outside national newspapers, Mr Tony Dubbins, leader of the GPMU print union, admits it is hard to recruit young printers into union ranks.

Mr Murdoch's former printers plan a low-key party tonight to mark the anniversary. Some believe alleged outbreaks of industrial sabotage at Wapping reflect discontent among current employees, who will eventually turn to the unions for support.

But unionised groups will find it difficult again to exercise a grip over their industry comparable to that of the Fleet Street print workers. Mrs Thatcher's union reforms - now so much accepted that Labour has no plans to repeal most of them - will see to that.

Margin erosion eats away at J Sainsbury

By Frederick Oram, Consumer Industries Editor

J Sainsbury will report its first fall in underlying profits in 22 years after it warned yesterday that the costs of improving customer service and price competitiveness had further eroded margins.

Measurable price competition is expected to intensify as other chains in greater favour with consumers press home their advantage. "If I was Tesco or Asda I would keep one foot on the accelerator and the other on Sainsbury's throat," one analyst said.

Over the last few months it has added the equivalent of 2,500 full-time employees, lifting the total by 4 per cent, to ensure quicker checkouts. Previously it had tried to improve service at busy times by taking some staff off shelf stacking but that had depleted displays.

Market research shows customer satisfaction with service has since improved, Mr Sainsbury said. To increase its competitiveness, Sainsbury trimmed prices to 3 per cent below the average for large chains from 2 per cent a year earlier. It had also stepped up advertising.

Food price inflation was about 4.5 per cent at the beginning of the period, easing to 4 per cent. Thus the group improved from a fall in sales volume to level-pegging. Its January Savers promotion "has provided a sound start" to further promotions, the group said.

Future of Forte's HQ undecided

Mr Gerry Robinson, chief executive of Granada, told staff at Forte's London head office that it might not be closed after all. He was speaking for the first time to Forte employees at meetings held yesterday afternoon in the building's restaurant, writes Scheherazade Daneshkhu.

When asked about the future of the office he said the matter had not yet been decided. When Granada raised its offer just over two weeks ago, it said the office would be closed and the amalgamation of its operations into Granada would save £6m.

Staff take time to consider their options

Mr Charles Allen is a man who prizes "clarity". Leading the management team which this week took occupation of Forte, he knows what Granada Group's new conscripts are waiting to hear: "They want to know three things - what are you going to do, what is the timetable, and what does it mean for me?"

Mr Allen, chief operating officer of the media and leisure group, cannot supply all the answers yet. But he and Mr Gerry Robinson, Granada's chief executive, have moved swiftly in the three days since winning Forte to make the ownership transition as smooth as possible.

After any contested takeover, especially one as bitter as the two-month battle between Granada and Forte, feelings run high in the headquarters of the vanquished. On Tuesday, as the final hope of survival faded, Mr Keith Hamill, finance director, told staff: "Our company is going down. However, I am proud to report that it has gone down with every gun blazing."

Clay Harris and Scheherazade Daneshkhu on taking charge of Forte



Charles Allen (l), Henry Stannton, financial director (c), and Gerry Robinson at Forte yesterday

to find their own escape route. On Wednesday, less than 24 hours after Granada's victory, Mr Nick Charles of Lister-Charles, a leading headhunter in the sector, said: "We have already had CVs from senior people at Forte in the past this morning."

has held about 20 one-to-one meetings with senior Forte executives, each usually lasting half an hour. His main purpose, he said yesterday, was to underline the message: "This is your job - get on with it."

who had the day off, Forte's directors were also due to be present. Next week, Mr Allen will spend two days with the managing directors and finance directors of Forte's hotel and catering divisions. "The aim is on them to put their own plan together," he said.

Persimmon may launch rights to fund Ideal buy

By Andrew Taylor, Construction Correspondent

Persimmon is next week expected to launch a rights issue when it announces agreed terms for the purchase of Ideal Homes, the housebuilding subsidiary of Trafalgar House.

through a mixture of cash and equity. If it makes a rights issue it would be the third in the past two months to be announced by a housebuilder. Berkeley (this week announced plans to raise £73.1m to buy land and finance possible acquisitions. In December Westbury sought £32.5m to help fund its £60.7m purchase of Clarke Homes, BICC's housebuilding arm.

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Loss warning hits NSM shares

Shares in NSM fell 2 1/2p to 56p yesterday after the highly geared coal mining group warned that in the absence of further disposals it was likely to report a loss for the second half of its financial year to March.

It still expects to make a profit for the year as a whole after a first half profit of £2.5m. The second half figures will include a £2.3m charge to cover the settlement of a claim made against it by the purchasers of Bision, the building materials business

facéd delays in the opening of a new plant, and the severe weather in Pennsylvania. A number NSM's planned disposals have also been delayed. At November's interim results the company said it hoped that the full year figure would support a small increase to the total dividend of 4p paid last year.

NEWS DIGEST

Gehe poised to bid for Lloyds

Gehe of Germany is expected shortly to launch a bid for Lloyds Chemists, already the subject of an agreed £538m offer from UniChem, Britain's leading pharmaceutical wholesaler. An official close to Gehe said yesterday that he expected Gehe to table a rival offer. The company is Europe's largest drugs wholesaler and last May paid £400m for AAH, which has some 30 per cent of the UK market. At the time, Gehe said it was keen to expand AAH's 300 retail pharmacies as quickly as possible.

Abbot likely to win battle

Abbot Group, the oil and gas services business, yesterday appeared to have won the hostile takeover battle for OIS International Inspection after trumping a bid from industry rival OGC. Abbot, which had originally proposed a 1-for-2 paper offer with a 24 1/2p cash alternative, lifted its bid for the industrial testing company with a 5-for-8 share offer and 23p cash alternative. The increased offer values OIS at £9.6m, against Abbot's original bid of £7.5m. OGC, another oil and gas services group, was said to be reluctant to increase its 23p a share white knight bid.

Malaysian investment fund comes to Caird's rescue

A Malaysian-registered investment company stands to hold almost a third of Caird Group following a rescue re-structuring of the waste management group. Caird yesterday announced a significant capital restructuring aimed at reducing its debt through a £5m offer to shareholders of a 40 per cent convertible loan stock and £7m in bank write-offs.

Mr David Weir, the chief executive appointed in 1993 to turn the company round after its disastrous acquisition spree in the 1980s, said that without the restructuring the company would have to cease trading. Mr Weir said Caird was trading profitably after the asset disposal programme of the last three years. Estimated profits before interest and exceptional items were £1.9m for the year to the end of December, compared with £400,000. However,

11.8 per cent of the ordinary shares and 37 per cent of the preference stock. The Malaysian-registered fund is the vehicle of Mr Duncan Saville, director at three UK water-only companies and also the Foreign and Colonial Special Utilities Investment Trust. However, Caird said yesterday the fund had no intention of interfering with the management. As part of the restructuring, Yorkshire Bank has agreed to write off £7m in debt and extend new facilities of £7.7m. The proceeds of the offer will be used to reduce remaining debt, leaving pro forma gearing at 64 per cent (138 per cent) Existing ordinary and preference shares would also be converted. The shares closed 1 1/2p down at 154p. The proposals must be approved by shareholders at an extraordinary meeting on February 15.

Pemberstone wins two of three targets

Pemberstone, the investment and property management company, received more than 50 per cent support from holders in two of three residential property companies it bid for. The approval was won despite a proposal from Housing 21, formerly the Royal Legion Housing Association, to bid for the three companies. However, Pemberstone received only 44 per cent support from shareholders in the third company. Advisers to Housing 21 said the association would formally launch an offer today for this company at 85 1/2p a share, 5p above the cash element of the Pemberstone proposal. The offer period has been extended to February 7. In December, Pemberstone launched a £11.7m bid for the three Roman companies. The offers for the first two became unconditional yesterday.

New contracts boost Aim

Aim Group, which makes and fits aircraft interiors, announced a jump in pre-tax profits from £185,000 to £1.28m for the half year to October 31. The result included a £370,000 exceptional gain from the disposal of its holding in Merrychef, the commercial caterer. Turnover of £24.8m (£18.4m) included £185,000 from discontinued operations. Mr Jeff Smith, chairman (left), said the growth reflected the start of new programmes, particularly the Northwest DC9-30 refurbishment contract. Increased working capital needed to fund higher turnover resulted in a rise in net interest charges to £287,000 (£227,000). Debt was likely to remain high for some time, Mr Smith said, and consequently the dividend is held at 1.5p.

Meggitt disposals completed

Meggitt, the aerospace and electronics engineering concern, has completed its disposal programme with the sale of its controlling interest in Sunvic, an electrical and instrumentation contractor for the process control industry. Sunvic was acquired in 1989 and has outlets in Germany, Belgium and the Netherlands. In 1994 it incurred a pre-tax loss of £700,000 and had net assets at December 31 of £18.6m. As principal consideration for the disposal, Meggitt will receive a stake of some 46 per cent in a new company, Sunvic News, which will be accounted for as an investment.

Siebe launches recruitment drive

Siebe has announced plans to recruit 350 additional engineers after winning new orders worth £50m. The international controls and appliances manufacturer said 100 of the new engineers would be recruited in the UK, with the remainder employed in the US and east Asia. Of the engineers recruited in Britain, 80 are expected to work on industrial automation systems ordered by Dow Corning, the US silicon manufacturer which is expanding its production facilities at Barry in south Wales. The recruitment drive has been stepped up following further orders for Siebe's Foxboro subsidiary from companies such as Air Liquide, BASF and Total in Europe, the Virginia Fibre Corporation in the US, and the Gas Authority of India.

Siemens Nixdorf buys ICL Medical

Siemens Nixdorf Information Systems, part of the German electronics group, has acquired ICL's medical systems business for between £10m and £15m. The move is part of Siemens' strategy of expanding its IT business in Britain and will bring together two leading IT healthcare suppliers. ICL - the UK-based computer and computer services group which is majority owned by Fujitsu of Japan - has been looking for a buyer for its ICL

Lister losses soar after revamp costs

Lister, the Huddersfield-based textile group, yesterday reported sharply increased half-year losses, up from £700,000 to £6.19m. The company took a £4m charge to cover reorganisation costs, including compensation for loss of several executives such as Mr Martin Parker, the chief executive who was dismissed in August. The shares were unchanged at 29p, although the announcement came after the market

Kerry expansion in Europe

Kerry Group, the Irish food ingredients company, has expanded its European operations through the £64m (£52.4m) acquisition of Ciprial, a specialist French company. Kerry is paying £19m for the company and taking on £25m debt. The deal is being financed through existing lines of credit from its syndicate of banks. Ciprial is a leading manufacturer of candied fruit and fruit-based food ingredients. It supplies a number of European yoghurt, ice cream and confectionary manufacturers from factories in Marseilles and Lyons in France, and Rome and Naples in Italy. The group had turnover of £570m in 1994 and made operating profit of £94.9m. It has net assets of £126.5m.

COMPANIES AND FINANCE

Fokker wins more time to find deal

By Ronald van de Krol in Amsterdam
Fokker, the cash-strapped Dutch airplane maker, yesterday won the promise of \$135m (\$221m) in government funds and credits...

armed forces. A condition of payment was that the aircraft must be delivered this year. Mr Ben van Schaik, Fokker's chairman, said: "This gives [a] needed breathing space."

to seek court protection from creditors after Daimler-Benz, its controlling shareholder, halted all further financial assistance. The German company's refusal to support Fokker followed the breakdown of talks with the Dutch government...

cern that its 1995 results would suffer from exposure to bonds issued by Fokker by saying this was "for the most part unfounded", writes Andrew Fisher in Frankfurt. The German bank's shares rose by DM5.30 to DM343.30 after falling DM9 on Thursday.

Delays and price cuts put Amdahl into loss

By Louise Kehoe in San Francisco
Amdahl, the US mainframe computer company, reported an unexpected fourth-quarter loss as new product delays and fierce price competition reduced revenues and profit margins.

British Borneo makes cash call for £54m

By Peggy Hollinger
British Borneo shares jumped 32p to 410p yesterday as the oil and gas explorer launched a deeply discounted \$54m rights issue and announced a 10 per cent rise in net profits for 1995.



Sir Bob Reid, chairman: Gulf of Mexico to be focus of attention

field," he said. British Borneo is proposing a 2-for-5 rights issue at 310p. The cash will be used to fund a final well on Morpeth, which could then be debt financed...

Olivetti ends controlling syndicate

By Robert Graham in Rome
The syndicate of core shareholders controlling Olivetti, the computer group headed by Mr Carlo De Benedetti, announced yesterday it was dissolving itself.

Olivetti said that with a much wider share base after December's rights issue, which saw foreign investors take 70 per cent, there was little room in maintaining the syndicate.

when only CIR and Mediobanca, the powerful Milan merchant bank, would be left in the syndicate. After the L.2.26bn (£1.42bn) rights issue CIR ended up with 15.02 per cent; Mediobanca 2.21 per cent; San Paolo di Torino 0.55 per cent; IMI, the financial group, 0.18 per cent; Pirelli, the tyre group, 0.14 per cent; and Turis, the German investment company, 0.10 per cent.



Carlo De Benedetti: faces much tougher shareholder scrutiny

Later this year Amdahl plans to launch a new generation of mainframe computers which are expected to compete with IBM's latest models. However, this has slowed orders for now as customers await the new machines.

Indosuez to unveil revamp package

By Andrew Jack in Paris
Indosuez, the banking arm of Suez, the loss-making French holding company, is set to unveil a wide-ranging restructuring package to senior staff today designed to return it quickly to profitability.

ing costs over the next two and a half years by FF250m (\$40m), with the aim of generating a return on equity of 9 per cent-10 per cent by 1999. The restructuring will involve job losses, the closure of some operations and the sale of up to 10 per cent of assets while other businesses will be merged and reorganised.

It follows his decision, announced this month, to remove Mr Jean-Francois Lepetit, the former deputy chairman of Indosuez, after fewer than two years in the job and replace him with a Suez insider, Mr Christian Maurin.

consultants, to help develop a new strategy for the bank. Staff at Indosuez had been demoralised in recent months by the turmoil affecting the heavily loss-making parent group, which led to speculation that the bank might be sold.

GT Chile advises no action on offer

By Roger Taylor
The board of GT Chile Growth Fund has advised shareholders to reject the bid from Regent Kingpin Acquisitions, part of the Hong Kong-based Regent Pacific group. It has urged anyone who has given advance acceptances to withdraw them.

AromaScan cuts losses to £683,000

By Clive Cookson, Science Editor
AromaScan cut pre-tax losses for the six months to October 31 from £919,000 to £683,000 as sales of its computerised sniffing systems gathered pace. Revenues were £1.7m (£82,000). Dr Allan Syms, managing director, said it was on course for significant profits in the next financial year.

Jardine boss makes \$1.2m from options

Mr Rodney Leach, a director of Jardine Matheson, the Hong Kong conglomerate, has made a pre-tax profit of \$1.17m (£775,000) from exercising options. Mr Leach, who is also a director of Trafalgar House and chairman of JIB Group, the London-based insurance broker, sold 168,000 Jardine shares at \$8.39 compared with the exercise price of \$1.43.

WEEKEND BUSINESS

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Jardine boss makes \$1.2m from options

Mr Rodney Leach, a director of Jardine Matheson, the Hong Kong conglomerate, has made a pre-tax profit of \$1.17m (£775,000) from exercising options. Mr Leach, who is also a director of Trafalgar House and chairman of JIB Group, the London-based insurance broker, sold 168,000 Jardine shares at \$8.39 compared with the exercise price of \$1.43.

Revamped Rubicon shows 56% advance

By Tim Burt
Rubicon, the precision engineering company, yesterday reported a sharp increase in first half profits following a surge in machine component sales. Pre-tax profits rose 56 per cent to £2.84m on sales almost doubled to £47.4m in the six months to November 30. Most of the increase was due to contributions from High Speed Production, the computer and cash machine components maker, acquired in 1995.

Frederick Cooper warns on profits

By Geoff Dyer
Shares in Frederick Cooper fell 11 per cent yesterday after the metal fittings, architectural hardware and electrical products group warned that first half profits would be "significantly below" last year. The news prompted Charterhouse Tilney, the house broker, to lower its interim profits forecast from £2.5m to £2.1m and from 28m to £5.1m for the full year. The shares fell 6p to 48p.

Results

Table with columns: Company, Timeshare, Pre-tax profit (£m), EPS (p), Current payment (p), Date of payment, Dividend Corresponding dividend, Total for year, Total for year

Table with columns: Investment Trusts, NAV (p), Dividend/Share (p), EPS (p), Current payment (p), Date of payment, Corresponding dividend, Total for year, Total for year

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. After exceptional credit. (Y) Increased capital. (\$USM) etc.

COMMODITIES AND AGRICULTURE

MARKET REPORT Momentum of gold price slows

Gold's price burst through two important barriers this week. The psychologically important US\$400 a troy ounce level was decisively left behind on Monday. On Thursday the price jumped an important technical hurdle - \$404 - by a sizeable margin.

The precious metal spent yesterday bending against the best technical barrier at \$410 but failed to break through. In London the price reached \$409 an ounce, the highest level since September, 1990, before easing back as US hedge funds started to take some profits.

Gold closed in London last night at \$405.50, a rise of \$6 over the week but \$1.40 below Thursday's close. Gold bulls are suggesting that the price will consolidate before tackling the \$410 barrier but this will be broken conclusively very shortly. Some suggest the price will be above \$500 an ounce before long.

The cause of the sudden gold rush since the beginning of 1995 is easy to establish. The US hedge funds unexpectedly switched some of their huge cash resources into the gold market again. They were not buying physical gold so much as options to buy the metal. But the impact on the price was the same and the sudden weight of money caught out the "shorts" - those who had sold gold they did not own in the expectation that the price would fall and they could pocket the difference. "There was panic among the shorts and a distinct whiff of stinged flesh," said one trader.

The rise also triggered some "technical" buying by organisations that use computers to track prices and chart patterns, so the price rose fed on itself for a while. The bears insist higher gold prices will not last long. Mr. Ted Arnold, analyst at the Merrill Lynch financial services group, says: "I would be surprised if \$400 an ounce lasted more than one month. Prices in that area should bring out between 300 to 500 tonnes of disinvestment selling from the Middle East."

Prices above \$410 would also encourage more forward selling of gold by producers, particularly in South Africa. The gold market recently absorbed nearly 300 tonnes of forward selling by the South Africans, Mr. Arnold points out, and he adds "a lot of that gold is tied up in options, warrants and house accounts. Higher prices could dislodge a lot of that stock."

The market for physical gold has already demonstrated its elastic response to price movements, and buying has dropped dramatically.

At the London Commodity Exchange coffee prices began to rise in mid-week in response to news that Mexican coffee growers and exporters had increased estimates of the extent of 1995-96 crop losses resulting from recent heavy rains and frosts in important growing areas.

Concern about nearby supply tightness added to the upward momentum towards the end of the week, as did news that a transport strike had virtually halted Colombian exports, and the March futures position closed yesterday at \$2.07 a tonne, up \$174 on the week and \$52 above Thursday's close.

An announcement that the Association of Coffee Producing Countries, meeting in London this week, had decided to extend its export retention programme beyond its scheduled conclusion in June was not thought to have much market impact.

Kenneth Gooding and Richard Mooney

BASE METALS

LONDON METAL EXCHANGE

Table with columns: Metal, Unit, Price, Change, High, Low, Vol. Includes Copper, Zinc, Lead, Tin, Aluminium, Nickel, Silver, Platinum, Palladium.

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Precious Metals Continued

Table with columns: Metal, Unit, Price, Change, High, Low, Vol. Includes Gold, Silver, Platinum, Palladium.

Table with columns: Metal, Unit, Price, Change, High, Low, Vol. Includes Gold, Silver, Platinum, Palladium.

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Table with columns: Metal, Unit, Price, Change, High, Low, Vol. Includes Gold, Silver, Platinum, Palladium.

GRAINS AND OIL SEEDS

Table with columns: Commodity, Unit, Price, Change, High, Low, Vol. Includes Wheat, Corn, Soybeans, Rapeseed.

Table with columns: Commodity, Unit, Price, Change, High, Low, Vol. Includes Wheat, Corn, Soybeans, Rapeseed.

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Table with columns: Commodity, Unit, Price, Change, High, Low, Vol. Includes Wheat, Corn, Soybeans, Rapeseed.

SOFTS

Table with columns: Commodity, Unit, Price, Change, High, Low, Vol. Includes Cocoa, Coffee, Sugar.

Table with columns: Commodity, Unit, Price, Change, High, Low, Vol. Includes Cocoa, Coffee, Sugar.

Table with columns: Commodity, Unit, Price, Change, High, Low, Vol. Includes Cocoa, Coffee, Sugar.

Table with columns: Commodity, Unit, Price, Change, High, Low, Vol. Includes Cocoa, Coffee, Sugar.

Table with columns: Commodity, Unit, Price, Change, High, Low, Vol. Includes Cocoa, Coffee, Sugar.

MEAT AND LIVESTOCK

Table with columns: Commodity, Unit, Price, Change, High, Low, Vol. Includes Live Cattle, Live Sheep, Pork.

Table with columns: Commodity, Unit, Price, Change, High, Low, Vol. Includes Live Cattle, Live Sheep, Pork.

Table with columns: Commodity, Unit, Price, Change, High, Low, Vol. Includes Live Cattle, Live Sheep, Pork.

Table with columns: Commodity, Unit, Price, Change, High, Low, Vol. Includes Live Cattle, Live Sheep, Pork.

Table with columns: Commodity, Unit, Price, Change, High, Low, Vol. Includes Live Cattle, Live Sheep, Pork.

WEEKLY PRICE CHANGES

Table showing weekly price changes for various commodities like Gold, Silver, Copper, Zinc, Lead, Tin, Aluminium, Nickel, Silver, Platinum, Palladium.

WORLD BOND PRICES

Table showing world bond prices for various countries including Australia, Canada, France, Germany, Italy, Japan, Netherlands, Portugal, Sweden, Switzerland, UK, US Treasury.

ECONOMIC DIARY - FORWARD EVENTS

MONDAY: Major British banking groups' mortgage lending (December). Japan industrial output (December). European Union (EU) foreign ministers' meeting in Brussels. Portugal's budget presentation. TUESDAY: Annual abstract of statistics: 1996 edition. US retail sales (December); consumer confidence index (January); Treasury budget (December). Japan unemployment (December). US Federal Open Market Committee meeting in Washington. Kazakh parliament starts new session. INSEE industrial survey (January). WEDNESDAY: Economic trends (December). Farm (agricultural) income figures for the UK 1994. Scottish farm (agricultural) incomes (1994 provisional). Bricks and cement production and deliveries (fourth quarter). Mortgage repossession (July-December 1995). Thursday: UK official reserves (January). Insolvency statistics (fourth quarter). US unemployment (January). ASKAN forestry. France unemployment (November). Chicago purchasing managers survey (January). European Parliament in session in Brussels. Mr. Jacques Chirac, French president, makes first official visit to US. THURSDAY: World Economic Forum opens in Davos, Switzerland (until February 6). Balance of visible trade (November). Major British banking groups quarterly analyses of lending (fourth quarter). Full monetary statistics (including bank and building society, final M4 and lending, public sector funding, money-market, starting commercial paper and medium term note issues, interest and exchange rates) (December). US National Association of Purchasing Managers report (January). Indonesian government presents budget and new reserve requirement becomes effective. Parliamentary by-election at Hemsworth. Bundesbank central bank comm. meets. Kuala Lumpur stock exchange closed for public holiday. FRIDAY: UK official reserves (January). Insolvency statistics (fourth quarter). US unemployment (January). ASKAN forestry. Thailand, to prepare for Asia-Europe summit to be held in March.

PRECIOUS METALS

Table showing precious metal prices for Gold, Silver, Platinum, Palladium.

US INTEREST RATES

Table showing US interest rates for Treasury Bills and Bond Yields.

BOND FUTURES AND OPTIONS

Table showing bond futures and options prices for various maturities.

FT ACTUARIES FIXED INTEREST INDICES

Table showing FT Actuaries Fixed Interest Indices for various maturities.

FT FIXED INTEREST INDICES

Table showing FT Fixed Interest Indices for various maturities.

UK OIL PRICES

Table showing UK oil prices for various grades.

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COMMENT & ANALYSIS

FINANCIAL TIMES

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Saturday January 27 1996

When the countdown faltered

Lionel Barber on a week when the planned launch date of Europe's single currency was questioned from unexpected quarters

A better stake in the recovery

The great British workforce could be forgiven for thinking that it has had a pretty raw deal out of the first half of the 1990s. First came the longest recession since the war, then a recovery which, though widely hailed by economists, has done little to boost the average pay packet. Last year, income from employment took a share of roughly 62 per cent of GDP, down from over 65 per cent in 1990.

The contrast between the academic and the more popular perceptions of the recovery is hardly coincidental. Indeed, the features of the recovery voters have liked least are precisely those which economists have gone out of their way to applaud. In their view, a joyless combination of meagre growth in average earnings and large tax increases were just what the economy needed to escape the "boom and bust" cycles of the past. But having endured much of the pain of this transition, should workers now be starting to receive more of the gains?

According to Mr Adair Turner, the new director-general of the Confederation of British Industry, the answer to this question is a tentative "yes". In a speech in London this week, he said the last few years had provided quite strong evidence that the old inflationary links between wages and prices has been broken.

Mr Turner believes that greater labour market flexibility, borne of factors such as the trade union reforms of the 1980s and significant rises in average skill and education levels, may be here to stay. The upshot is that UK companies should spend less time worrying about inflationary wage spirals, and rather more thinking about how to reward workers for their flexibility, by linking pay more closely to rises in productivity and profits.

Labour market

There is no denying that the labour market has been behaving oddly, by historic standards. Average real GDP growth of about 3 per cent in the 1980s corresponded to growth in earnings of around 7½ per cent. Since 1992, however, real GDP growth of 2½ per cent per year has come alongside 3½ per cent earnings growth. Given that consumer price inflation averaged 2½ per cent over the period, while personal taxes rose sharply, the implication is that most workers have seen only a meagre rise in living standards - if that - since the recovery began.

The significant drop in the labour income share of GDP owes something to this benign behaviour of wages, at a time when prof-

itability has been rising sharply. But other factors probably played a more important role - not least, declining labour force participation by men who had previously worked full-time.

In 1992, 64½ per cent of males of working age were active members of the labour force. This share has since fallen below 62 per cent. Greater participation by women has partly offset the fall in male employment, but overall participation is still about 1½ percentage points lower than in 1992, at slightly more than 73 per cent. The larger share of jobs going to women has itself acted to reduce labour's overall slice of the national cake, since, on average, women work slightly fewer hours than men and earn only 72 per cent as much.

Past history

If nothing else, a knowledge of the UK's past history ought to make one wary of drawing too many miraculous conclusions from three years of encouraging wage behaviour. But assume, for the sake of argument, that Mr Turner's optimism is well-founded, and the UK economy has indeed put its bad old ways behind it. That still would not mean that companies could happily aim to link wages more closely to productivity and profits growth.

In the long run, living standards can only rise if real wages rise faster than prices, in line with growth in productivity. Yet this argument applies only to the economy as a whole. In an economy in which there are, necessarily, wide variations in sectoral productivity, linking wages to productivity at the level of individual companies can only be a recipe for low investment, and low employment.

Both were a feature of the 1980s. Manufacturing workers were indeed able to win large real wage increases, in line with rapid growth in plant-level productivity. But the country as a whole would have been far better off if companies had given smaller wage increases to their employees, and ploughed the extra funds into jobs and investment instead. Employment and investment growth between them provide the only route to durable increases in living standards for the population as a whole, as opposed merely to certain sectors. Sterling's departure from the European exchange rate mechanism helped lay the foundations for both to occur. But with 2.2m unemployed, it is a little soon to be talking about a more relaxed approach to wages for those in work. Save the champagne for now.

This was the week when the European Commission braced itself for the big pitch for the Euro, Europe's single currency.

Inside the glass eyecore which doubles as the European parliament's new headquarters in Brussels, the Commission staged a three-day conference to sell the Euro to top bankers, financiers, industrialists and the media. Extras included an exhibition on the history of money, a computerised trading floor to demonstrate the workings of currency markets, and star speakers headed by Mr Valéry Giscard d'Estaing, former president of France.

All ran smoothly inside the conference until the end when Mr Giscard hijacked the proceedings with a call for flexible interpretation of the Maastricht treaty's entry criteria for monetary union. At a stroke, the imperious Frenchman laid bare the growing doubts about whether the planned Euro launch date of January 1 1999 is still feasible.

Outside the stage-managed conference, a mood of uncertainty had already descended. Loose talk, wild headlines and fears among some business leaders and politicians that the slowdown in the European economy would force a delay in Euro reached a crescendo.

Mr Jacques Delors, former president of the Commission and co-architect of Euro said it would be "pretty difficult" for France and Germany to meet the 1999 target date.

Mr Goran Persson, Sweden's finance minister and prime minister-in-waiting, announced he intended to relax the austerity programme he introduced last year, raise social security benefits and take measures to halve unemployment by the year 2000. To financial markets, this looked like an admission that Sweden had given up hopes of meeting the 1999 deadline.

But the biggest shock came on Tuesday when Mr Carlos Westendorp, Spanish foreign minister, suggested that Euro would go ahead in 1999 only if a "critical mass" of countries met the entry criteria. These included Germany, France, the Benelux countries, Austria and at least one among Britain, Spain and the UK. Without this critical mass, EU leaders would "stop the clock", he said.

Mr Westendorp was soon forced to issue a clarification, saying his remarks were hypothetical and not intended for publication. But as one of the EU's most experienced diplomats, the Spanish foreign minister is not a man who makes verbal gaffes. The impression that Mr Westendorp was speaking accidentally on purpose grew when he declared the next day that Euro faced a "credibility crisis".

The European Commission reacted with bemusement. Having focused on ways of selling the single currency to a still sceptical public and mobilising Europe's financial establishment behind the cause, it spent most of the week insisting that the 1999 deadline was intact.



Mr Jacques Santer, who prefers to play the nice guy as Commission president, toughened up visibly. He told Mr Westendorp that "stopping the clock on Euro" would be like stopping the 21st century.

Yet despite the attempt to make monetary union appear inevitable, there is a growing realisation among Europe's political classes that Euro carries a high economic price which may grow steeper if the slowdown continues.

The Maastricht treaty requires that states entering Euro demonstrate convergence in their economies, including meeting a target for public deficits of 3 per cent of gross domestic product. But lower-than-expected growth could lead to a shortfall in tax revenues, further widening budget deficits and making the budget criteria harder to meet. This would force even more drastic budget cuts in 1997 to hit the Maastricht criteria.

Commission officials argue with some justification that the German-led reduction in interest rates means Europe is heading for a soft landing and that growth rates will pick up. But the fear is that budget cutting is combining with tight monetary policies to create a deflationary spiral which is depressing consumption, increasing unemployment and killing confidence.

These worries are spreading among left-leaning politicians such as Mr Persson whose Social Democratic party campaigned for EU membership in 1994, only to see its popularity sink in the polls. They are even affecting ardent Euro supporters such as Mr Jean-Luc Dehaene, Belgium's prime minister.

In a speech to the Brussels conference on Monday night, Mr Dehaene issued a veiled appeal to central bankers, above all the Bundesbank, to ease up on interest rates and kick-start growth.

"Nobody has anything to gain by monetary overkill," he said. "A policy of competitive disinflation may at some time become as disruptive as a policy of competitive devaluations."

Mr Giscard, a co-founder of the European Monetary System who counts himself as a spiritual godfather of Euro, has understood the political risks of monetary union being tied however unfairly, to high unemployment. His intervention last Wednesday, was intended partly as an intellectual riposte to what he described as the "smear campaign" conducted by Euro-sceptics, partly as a device to guarantee that Euro will go ahead on schedule in 1999.

His answer was to discount the effect of recession and look at the average public deficit over the economic cycle. Mr Giscard cited a paragraph of the Maastricht treaty which allows the 3 per cent public

deficit to be breached because of "exceptional and temporary circumstances".

The cool reaction in Paris suggests that Mr Giscard speaks for himself rather than as a stalking horse for the French government. The latter - in the words of Mr Christopher Johnson, the UK economist - has always preferred to be "more German than the Germans" when it comes to strict application of the Maastricht criteria.

Mr Giscard fared little better at the hands of the European Commission, chiefly because senior officials see little advantage in opening a debate over the criteria which is bound to be deeply divisive.

This debate is due to take place in early 1996 among the 15 EU heads of governments. Their judgment will be based on an interpretation of the targets for inflation, interest rates, exchange rate stability, accumulated debt and public deficits with recommendations from the European Commission and the European Monetary Institute, forerunner of the European Central Bank. By raising the possibility of flexibility, Mr Giscard has made it more difficult for the Commission and the EMU to conduct their test-run this year on how far member states are meeting the "convergence" test for Euro.

Mr Giscard's thesis demolishes the German government's sales campaign for monetary union. For Mr Theo Waigel, Germany's finance minister, has always said that the criteria would be interpreted strictly to ensure that the Euro is as rock-solid as the D-Mark. As one German official admitted: the Maastricht criteria were drawn up in a way to ensure that weaker economies such as Italy would not make the grade. "A flexible reading would mean Mr Waigel would have to eat his hat," says one EU monetary official.

On the other hand, a generous reading might allow Spain and Italy to squeeze through the door to monetary union. The political advantage would be to avoid splitting the EU into a privileged club headed by France and Germany, and a group of disgruntled outsiders including the UK, Spain and Italy. But the economic risk is that a half-baked monetary union might crumble at the first sign of strain.

The conflict between economic and political criteria has always been inherent in the Euro project, but as the 1999 deadline approaches it is becoming more acute. One answer is to delay the project until more countries meet the convergence criteria, but most believe it would have to be no more than temporary to avoid a severe political shock to European integration.

"Nobody knows what is going to happen. But it may be that the politicians may decide it would be more dangerous not to go ahead than to go ahead," says a senior monetary official, with more than a touch of resignation.

LETTERS TO THE EDITOR

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We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171 873 3000, or sent by post to the Editor, Financial Times, 1, The Quadrant, London W1 8PF. E-mail: letters.editor@ft.com. Translation may be available for letters written in the main languages of Europe.

Emissions trade-off should not threaten developing countries' industrialisation

From Mr Frank Joshua.
Professor Graciela Chichilnisky's article "The greening of Bretton Woods" (Business and the Environment, January 10) provided a useful contribution to the debate on how to address global warming in a cost-effective manner. However, she raised the spectre that by selling their future rights to emit, developing countries could sell out their rights to industrialise; hence the suggestion that borrowing and lending rights to emit may be more palatable than outright sale. The issue is serious, but the dilemma is false. Since 1992 the United Nations Conference on Trade and Development secretariat has published a series of studies on the development of a carbon dioxide

emission allowances market. In those studies, most scenarios have justly assumed that in any multilaterally-agreed emissions trading system developing countries would be allocated allowances over and above what is required to comply with current emission standards. This would enable them to meet their industrialisation needs and also earn hard currency or finance the import of environmentally sound technologies from the sale of surplus holdings.

Such allowances would be issued on an annual basis. Sales of future-year allowances would be limited in time and volume. Such a system would ensure that no government would be able to bargain away its rights to industrialise. A global greenhouse

gas emissions market must be based on the sale and unquestionable transfer of title.

We agree with Prof Chichilnisky that heavy-handed bureaucracies are undesirable, it would therefore be preferable not to create one to "mediate" the emissions market, but instead take advantage of the creativity already present in the global finance, trading and exchange communities. They have already made a significant contribution to the success of the US emissions market.

Frank Joshua, staff member, United Secretariat, Palais des Nations, CH-1211 Geneva, Switzerland

Not something to laugh about

From Mr Antony James Dorman.
Sir, Most of the pictures I have seen of Granada chief executive Gerry Robinson during the battle for Fortis have shown him laughing heartily. Surely the breaking up of a business carefully built up since 1988 is no laughing matter?

I hope that Sir Rocco Forte and his colleagues will be able to buy back the hotels they want. The only trouble is, this will make the huge fees, payable by both sides to their advisers, look even more ridiculous. I wonder what Ms Carol Galley, vice-chairman of Mercury Asset Management, would have to say about that!

Antony James Dorman, 88 Kew Green, Richmond, Surrey, UK

Complexity of eliminating child labour no excuse for inaction

From Mr Neil Kearney.
Sir, The level of consumer revulsion at child slavery in Pakistan's carpet industry is evidenced by the halving of the industry's export sales in the last six months of 1995 ("Child labour row hits rug exports", January 26). Easing that revulsion will demand a lot more than bland statements by the Pakistani government that it will act to reduce the number of children weaving carpets. Consumers clearly do not want products of an industry which forcibly extracts labour from adults and children, restricts their freedom of movement, denies them the right to negotiate the terms of their employment and subjects them to forced confinement and appalling physical abuse. Nor are they

impressed by a state which offers these workers no effective protection from this exploitation and uses its police force to arrest and return children who escape from their place of bondage in spite of slavery being unconstitutional. The elimination of child labour is a complex issue, it demands a range of measures at local, national and international level. But the complexity of the issue is no excuse for inaction on child slavery.

If the government of Pakistan and its carpet manufacturers meant to win back their markets, they must ensure that the country's constitution is upheld and that legislation outlawing child labour is enforced.

The country has an adequate supply of adult labour. Family

incomes can be maintained and, indeed, enhanced by replacing child workers by adult members of the same family.

Pakistan should invest in its future by increasing resources for primary education. A country which spends 20 times more on defence than on health and education combined, can hardly blame poverty for its rudimentary school system.

The country's carpet manufacturers should sign up for "Rugmark", the product label that identifies items confirmed to be free of child labour.

On the international front, all carpet importers and retailers must insist that their suppliers adopt the minimum international standards on child labour and establish

effective independent monitoring procedures to ensure that they do so.

Handwoven carpets are increasingly popular in the international market place. But, consumers have clearly indicated that the opportunities to build market share will only be afforded those companies and countries which respect international labour standards and desist from child slavery and gross exploitation.

Neil Kearney, general secretary, International Textile, Garment & Leather Workers' Federation, rue Joseph Stevens 8, B-1000 Brussels, Belgium

FT
BY INVITATION

Summer at Glimmerglass with the Financial Times

Glimmerglass: the upstate New York Opera Festival regularly hailed as America's Glyndebourne and acclaimed for its innovative and beautiful productions - an adventurous company with high artistic standards attracting a variety of talented directors, and some of the most promising young American performers. The focus of our operatic experience is the Alice Busch Opera Theatre set on the northernmost shores of Cooperstown's scenic Lake Otsego (the so-called "glimmerglass" from which the festival takes its name), where we will attend three opera performances: Jack Beeson's *Lizzie Borden*, Mozart's *La Finta Giardiniera* and Donizetti's *Don Pasquale*. The first class Otsego Resort Hotel will be our base during our stay in Cooperstown.

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Scott McNealy plays hardball. On the ice hockey rink, the golf course and in the computer industry, his motto is "Kick butt and have fun." It is a phrase that he delivers with his characteristic boyish grin.

Recently turned 40 - "I'm a real grown-up, now," he boasts - McNealy is already a veteran of the computer business after 11 years at the helm of Sun Microsystems, the leading supplier of high-powered computers used on the Internet and other networks.

Growing up has not, however, dampened his often outrageous comments about industry rivals, and Bill Gates' Microsoft remains the target of many of his one-liners. Nor has it dulled his ambitions.

In a widely reported move that has yet to be confirmed by either company, McNealy is said to be planning to expand Sun by bidding to acquire Apple Computer, the ailing pioneer of the personal computer industry.

The combination of Sun and Apple would create a group with annual revenues of approximately \$17bn (£11bn). It might also give McNealy the platform he has long desired to confront his arch-rival Gates in a head-to-head competition.

Sun derives most of its revenues from selling the computer workstations used for scientific and technical work and by stock analysts for

Man in the News • Scott McNealy

Sun's rising bright light

Louise Kehoe on the man behind the leading supplier of Internet servers

financial modelling. The company has also established itself as the leading supplier of Internet "servers" - the computers used to create tens of thousands of "sites" on the World Wide Web, the multimedia segment of the Internet.

But McNealy has long had ambitions to attack the mass market for consumer and office desktop computing, where Microsoft holds sway with its Windows software and application programs and Intel dominates with its microprocessor technology.

In the mid-1980s, Sun lured its workstations as alternatives to high-performance, IBM-compatible personal computers. In 1989 McNealy forged an alliance with Toshiba which was to build PCs based on Sun's technology. Together the two companies would span the entire computer market, McNealy claimed, from laptop PCs to supercomputers, and challenge International Business Machines, the world's largest computer company.

But little came of the partnership. Microsoft was increasingly entrenched as the dominant supplier of PC software

and Sun turned its attention to networked computers. McNealy came up with a new slogan: "The network is the computer." The standalone PC is a "hairball on the desktop", McNealy says derisively. Only when linked to a network can the PC achieve its potential to deliver information and share the computing resources of other computers, he insists.

This insight has paid off handsomely. Over the past five years, Sun has almost doubled in size. For the six months to December 1995, Sun's revenues were \$2.9bn, up from \$2.7bn in the same period a year ago. Earnings jumped 76 per cent to \$210.7m.

McNealy's dogged pursuit of the network computer market has placed Sun in the forefront of Internet growth. "The Internet is Sun's business," McNealy declares. Sun products account for 66 per cent of the "servers" that offer information to the millions of people surfing the Net, according to the Internet Society, an independent group that oversees the direction of the worldwide computer network.

Sun is also leading the fast-growing market for corporate "intranets", internal networks based on Internet communications protocols and software standards.

McNealy's vision of networked computing reaches beyond today's Internet with its myriad of electronic showrooms. He looks forward to the day when PC users, instead of buying discs containing application programs - games, word processors or graphics packages, for example - to load permanently on to a computer, will simply click on a highlighted word to download programs as needed for a specific task from an Internet server.

This will be made possible by "Java", Sun's new computer programming language for Internet applications. Since McNealy began promoting Java last May, tens of thousands of programmers have obtained free copies of the software tools for Sun. Although Java itself does not directly generate revenues for Sun, it has what McNealy calls a "halo effect" which has boosted sales of Sun products. McNealy is especially keen

to lure the next generation of student programmers to Java and is offering prizes of free computer equipment and other incentives to those who produce the best Java programs.

He is convinced that this model of software distribution will undermine today's software market leaders and create wider choice for computer users. "The planet will not have to go to one lousy place for desktop operating systems and productivity tools," he says. "We dream of millions of Java applications [small applications available to download from the Internet, bringing it to life]."

An important feature of Java programs is that they will run on all types of computer: Sun's workstations, standard PCs, Apple Macintosh computers and, potentially, on a new generation of \$500 "network computers" being promoted by McNealy's friend Larry Ellison, chief executive of Oracle, the database software company.

This is where Apple might fit in to McNealy's plans. With one of the best known brand names in the world, a ready-made retail distribution



The audit with a social conscience

Mark Suzman looks at the background to the Body Shop's ethical evaluation

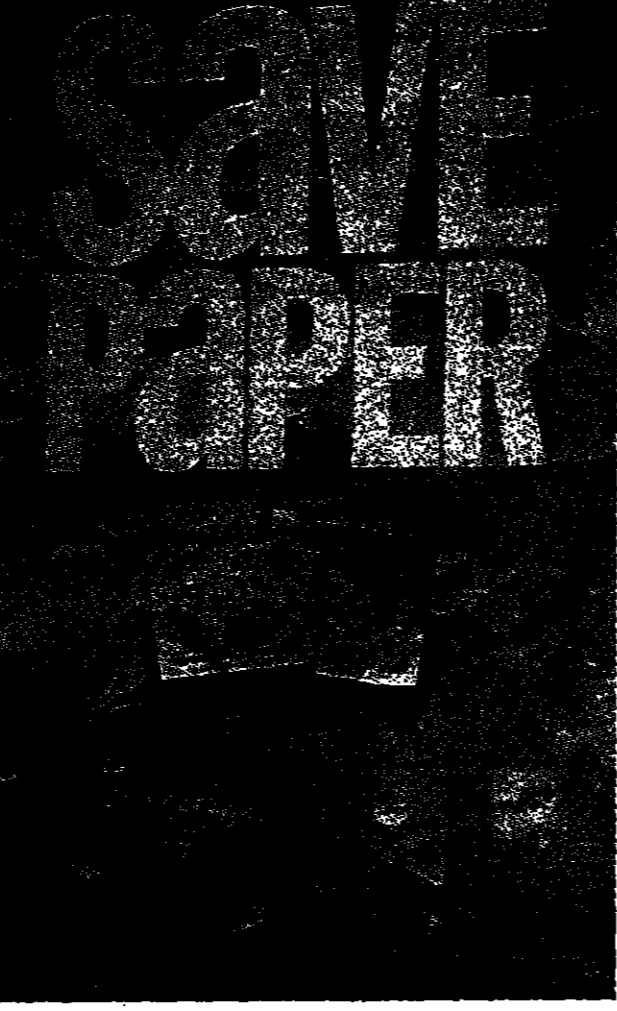
What information should a company supply in its financial statements? For most managements the audited financial statements are sufficient, but if the Body Shop - the campaigning, eco-friendly cosmetics company - is correct, chief executives could soon be introducing thorough evaluations of the broader social and environmental impact of all business activities.

This week the Body Shop launched its first Values Report, a wide-ranging, independently verified "audit" of the company's track record on the environmental, animal protection and the human relationships within our business.

According to David Wheeler, general manager of the company's ethical audit department, the initiative is not only socially responsible but can generate tangible, bottom-line benefits. "At a time when lots of people are talking about a stakeholder economy, this is a way of identifying how a company acts upon its own stakeholders - anyone we impact upon or anyone who impacts on us - and using that information to improve the company," he says.

The idea of an environmental audit is already well developed. According to KPMG Peat Marwick, the accountancy firm, two-thirds of the UK's top 100 companies in 1994 included some kind of environmental evaluation in their annual reports, while several objective standards, such as the European Union's Eco-Management and Audit Regulation used by the Body Shop, are available.

Less well known, however, is the idea of a social audit. Ben & Jerry's, the "green", US-based ice cream maker, has for several years brought in an individual to write a personal report on the company's social activities, while a number of Scandinavian companies, most notably Shn bank in Denmark, publish "ethical accounting statements", which are based on guidelines drawn up by



Social body: some sceptics dismiss the report as self-promotion

company has set itself clear targets for improvements in business planning or providing more communication and support for suppliers. Its success in meeting these goals will be evaluated in subsequent reports.

According to Zadek, social audits in practice have more in common with evaluations carried out by management consultants than financial audits drawn up by accountants. "I expect that social audits of the future will include more detailed analysis of the financial impact of social and employee policies, but that concept is not yet well advanced," he says.

Mainstream companies and accountants are interested but sceptical, and some critics regard the exercise as little more than self-promotion. It is difficult to imagine that many companies would agree with the Body Shop's conclusion that "the barbaric exception of Ken Saro-Wiwa", the Nigerian minority rights activist, should legitimately be regarded as part of a corporate evaluation,

let alone cited as a corporate "fact".

While Anita Roddick, the Body Shop's CEO, admits that some elements of the audit are only appropriate for explicitly campaigning companies, she insists the broader issues are generally relevant. "Consumers are increasingly vigilant about all sorts of businesses and they want to feel sympathy with the company they deal with," she says.

Although still limited, the notion does seem to be catching on. Ben & Jerry's, for example, will this year switch to a fully social audit. Similarly, some South African companies, under pressure to prove their social bona fides in the post-apartheid era, plan to follow suit.

In the US, Peat Marwick, the accountancy group, has started to offer "ethical audits", and although these are largely evaluations of corporate ethics guidelines, the firm's South African arm will also offer to carry out a form of social audit.

In the UK some larger companies have shown interest, but are reportedly reluctant to do more until there are some objective standards, comparable to the environmental ones. The NEF is teaming up with several European business schools and consultancies with the aim of setting up an Institute of Social and Ethical Accounting this year. The aim will be to advance research on social auditing and ultimately come up with a set of standards that can be used as a benchmark.

Although even its proponents admit that financial audits will always remain the primary focus for company analysts - last week's profits warning issued by the Body Shop will have generated more attention than this week's Values Report - they are confident that social audits will gain mainstream respectability. "Without being too evangelistic this is an idea whose time has now come," says Wheeler.

Fear of being left out

Splits in UK Jewry reflect concerns for its future, says Andrew Adonis



Stanley Kalms: blunt about his call for Dr Sacks to go

Sir writes one of Britain's Jewish leaders in this week's call from Sir Stanley Kalms, chairman of the Dixons electrical retailing group and a towering figure in Britain's Jewish community, for the resignation of the chief rabbi, Dr Jonathan Sacks.

Sir Stanley claims that Dr Sacks has proved a poor leader of the United Synagogue, the largest segment of the UK's 300,000-strong Jewish community. "We are in a time warp," he writes in this week's *Jewish Chronicle*, "and fast becoming an irrelevance in terms of world Jewry."

The vehemence of his attack is remarkable. Until recently Dr Sacks and Sir Stanley had been apparently united in their approach to the challenge of adapting Jewish orthodoxy to modern exigencies. As one observer puts it: "Kalms was critical to Sacks becoming chief rabbi in 1990. Historians may see the split between them as a defining moment in modern British Jewry."

Sir Stanley is blunt about the need for Dr Sacks to go. "Only then, he claims, will the United Synagogue be "relieved of the heavy burden of maintaining his office on a declining membership basis".

Sir Stanley makes numerous criticisms. He wants a redistribution of power within the synagogue, passing it down to "rabbits in the communities". He also favours reform of the synagogue's religious court, the Beth Din. But his fundamental complaint is about Dr Sacks' approach to "inclusivism" - the Jewish equivalent of ecumenicalism in the Christian churches.

Religious Jews broadly divide into four groupings. From left to right, they are "liberal/reform", "conservative", "orthodox" and "ultra orthodox". In Britain the "orthodox" wing remains dominant.

Dr Sacks is orthodox. He could not have become chief rabbi otherwise. But many of his orthodox supporters - including Sir Stanley - saw in his open manner a readiness to

individual conscience. But in the event only one United rabbi attended the 700-strong gathering, at which Rabbi Jacobs was prominent. "Without divisions you don't have debate, and the debate is a healthy sign of life," says Rabbi Jacobs.

Far wider issues are also at stake. Acute tensions within the Jewish community worldwide have been engendered by the Israeli peace process, and were increased by the murder of Yitzhak Rabin, the Israeli prime minister, whose assassin claimed to be fulfilling rabbinic law.

"End of the Jewish People?" is the lead article in the *Jewish Quarterly*. In it Mr Bernard Wasserstein - professor of history at Brandeis University, Massachusetts, and author of a recent study of Europe's Jews since 1945 - extends the prospect of "oblivion" from Britain to the entire world.

Mr Wasserstein's deepest thrusts are reserved for Israel itself. "If Israel, in economic and social terms, is becoming a Mediterranean California, in religious terms it is aping the profound secularisation that has overtaken most of Europe: it is on the road to becoming a middle eastern Sweden."

Standing back, these controversies are extreme manifestations of two long-term, related trends: secularisation, and the interminable battle within the religious Jewish community about the degree - if any - of concession from the orthodox faith necessary for co-existence with modern secular society.

The Jewish tradition, and the Israeli dimension, give a special passion to all Jewish debates. However, neither of these trends is unique to the Jews.

Most elements of the Jewish debate are mirrored in the Christian and Moslem communities, from criticism of ineffective bishops to violent disputes over the "next" concession to modernism, whether it be the celibacy of Catholic priests, the ordination of Anglican women, or the attitude of religious leaders to divorce, abortion and homosexuality.

As one close observer remarks: "Britain's Jews fear they are assimilating away and are not quite sure how to reverse the process."

Christopher Parkes on Mattel's offer to buy its big rival in the market for children's playthings

Barbie woos a reluctant toy boy

Barbie fluttered her eyelashes at GI Joe this week and all the hearts in Toy Town skipped a beat.

That was how it seemed, at least. Hasbro - maker of GI Joe, Mr Potato Head and a tin truck named Tonka - was racked by palpitations when it was targeted for takeover by Mattel, Barbie's owner and the world's biggest toy company.

Mattel's unwelcome intentions, conveyed in an open letter offering Hasbro stockholders a share deal worth an estimated \$5.2bn, were summarily dismissed by the target's management as "presumptuous". The plan, said Hasbro, was doomed to founder on antitrust considerations.

Hasbro moved to smother Wall Street's excitement by publishing a cumbersome "antitrust analysis" which succeeded in conveying its central message: that Hasbro and Mattel together would have a market share which exceeded that of their 20 largest competitors combined.

Long monopoly investigations would be unavoidable in the US, Canada and the European Union, it said. And if antitrust arguments prevented the merger, Mattel could walk away, leaving Hasbro perceived as "damaged goods".

Mattel, however, was ready to back its offer with a wager: if a bid proceeded but later fell foul of the competition authorities, it

would pay Hasbro \$100m in cash.

Both companies are operating in a difficult and fast-changing market embracing every plaything from the simplest rag doll to the delectable of cyberspace. Conventional toy makers are finding their territory increasingly encroached upon by electronic games, and they face competition in manufacturing and retailing from the film, TV and cartoon conglomerates which dominate youthful tastes and spending habits.

The impact of electronic games on boys' play habits has hit Hasbro, with its heavy dependence on traditional male-orientated products such as GI Joe and his foreign cousin, Action Man, especially hard. And its clean-cut Cindy doll for girls has failed to topple Mattel's sexpot Barbie from her dominance of the US market.

But Mattel faces challenges too, not least from its over-dependence on Barbie. At the last count, the doll generated 34 per cent of Mattel's annual revenues, although this is an improvement on the 50 per cent figure of three years ago, before Mattel fattened up its infants and pre-school division

against entertainment companies.

Mattel, which relies for 13 per cent of its revenues on a long-standing licensing deal with Walt Disney - arguably the most prolific and dependable originator of new toy concepts - claims it has no concerns that this partnership might be compromised.

But the establishment of a toy company by Warner Bros, and the majority stake held by comic book group Marvel Entertainment in Toy Biz, a company with exclusive licence rights to Marvel properties, suggest that the links between show business and the toy business are up for serious review.

There was a telling and timely message in a speech given on Wednesday by Mr Edgar Bronfman, head of Canada's Seagram group, which is aggressively extending the reach of its newly acquired MCA entertainment divisions.

Mr Bronfman said that while it could take decades to develop a brand in Seagram's drinks business, the process could be completed in "a year, a month or a blockbuster weekend" in the entertainment trade. "Having created powerful brands over time or over-

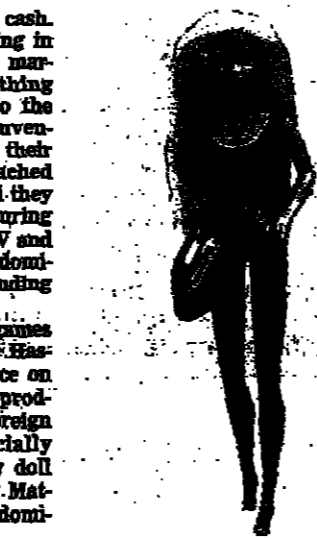
night, MCA has not always maximised [their potential]," he told a television industry gathering.

Even as the news of Mattel's move was filtering up on mountain screens, Mr Bronfman was to be heard reflecting on the "incredible appetite" of consumers for US popular culture and toy product spin-offs which were generated (before the Seagram takeover) by MCA's Jurassic Park - greatly to the benefit, as it happened, of MCA licensee Hasbro.

The proportion of US toy industry retail turnover - a total of \$17bn in 1994 - generated by playthings based on characters, creatures or situations from cartoons, movies, comics or books has grown from 10 per cent to 50 per cent over the past decade. According to some estimates, products made under Warner Bros licence alone yielded retail sales of \$2bn in 1994.

Warner, home of Batman - another important Hasbro product line - now has toy design, development, manufacturing and almost 200 dedicated Warner Studio retail shops integrated in its Worldwide Consumer Products division.

Warner executives say they do not intend to compete directly with toy companies; that Warner, their parent company, holds 13 per cent of Hasbro. But the convergence of the paths followed by the entertainment and the toy industries in their efforts to win the hearts, minds and



Barbie: Mattel's most popular asset



Hasbro's GI Joe: ready to fight rival

CURRENCIES AND MONEY

MARKETS REPORT

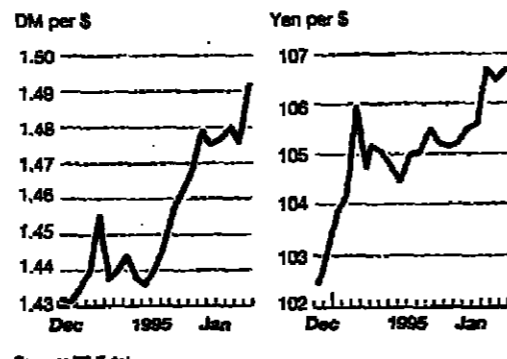
Dollar rises

By Graham Bowley
The dollar rose sharply on the foreign exchanges yesterday on expectations of lower European interest rates while the D-Mark benefited from continued nervousness about the timing of European monetary union.

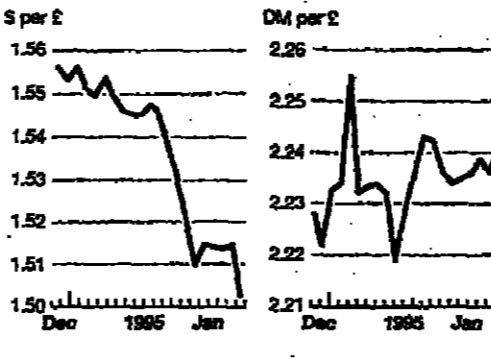
A British newspaper article which suggested senior UK officials expect the French and German governments to admit to a postponement of currency union hit the French franc, Italian lira and other so-called "peripheral" European currencies in morning trading.

The article, along with data which showed an unexpectedly strong rise in the German money supply last month, gave the D-Mark early support against the dollar. The money supply data dented expectations of a cut in German interest rates despite the Bundesbank's explanation that the rise was due to special factors.

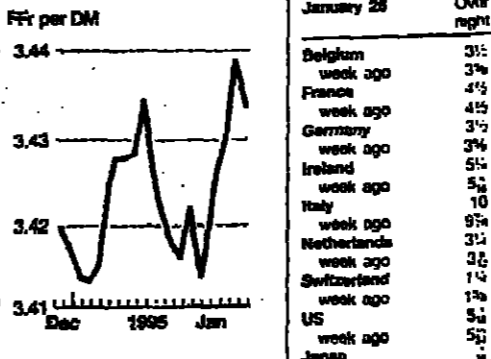
Dollar



Sterling



D-Mark



Pound Spot Forward Against the Pound

Table with columns: Jan 26, Closing mid-point, Change on day, Bid/offer spread, Day's Mid High/Low, One month Rate, Three months Rate, One year Rate, Bank of Eng. Index.

Dollar Spot Forward Against the Dollar

Table with columns: Jan 26, Closing mid-point, Change on day, Bid/offer spread, Day's Mid High/Low, One month Rate, Three months Rate, One year Rate, J.P. Morgan Index.

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Table showing exchange rates for various currencies including Belgium, France, Germany, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, Canada, USA, and Ecu.

EMU EUROPEAN CURRENCY UNIT RATES

Table showing EMU European Currency Unit rates for various countries including Netherlands, Belgium, Spain, Austria, Germany, Denmark, Portugal, France, Ireland, Greece, Luxembourg, Italy, and UK.

UK INTEREST RATES

LONDON MONEY RATES

Table showing London money rates for interbank sterling, sterling CDs, treasury bills, and discount market rates.

UK CLEARING BANK BASE LENDING RATE

Table showing clearing bank base lending rates for various terms.

WORLD INTEREST RATES

MONEY RATES

Table showing world interest rates for various countries and currencies.

EURO CURRENCY INTEREST RATES

Table showing Euro currency interest rates for various currencies and terms.

UK INTEREST RATES

STERLING FUTURES (LFFE) £500,000 points of 100%

Table showing sterling futures prices for various months.

JAPANESE YEN FUTURES (MM) Yen 12.5 per Yen 100

Table showing Japanese yen futures prices for various months.

BASE LENDING RATES

Table showing base lending rates for various banks and currencies.

EUROBANK OPTIONS (LFFE) DM1m points of 100%

Table showing Eurobank options prices for various currencies and terms.

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OFFSHORE COMPANIES advertisement with contact information.

The Financial Times plans to publish a Survey on Franchising on Monday, March 4. This survey will focus on areas such as research for potential franchisees, explores sources of funding available and highlights the specialist help available. For more information, please contact Lesley Sumner. Tel: +44 (0) 171 873 3308 Fax: +44 (0) 171 873 3064 FT Surveys

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Knight-Ridder's Futures Market DataKit for only \$995 advertisement.

Futures Pager advertisement for currencies, futures, and indices.

Advertisement for a financial service or product.

Advertisement for a financial service or product.

FT MANAGED FUNDS SERVICE

FT Cyteline Unit Trust Prices are available over the telephone. Call the FT Cyteline Help Desk on (+44 171) 973 4378 for more details.

AUTHORISED UNIT TRUSTS

Grid of financial data for various unit trusts, including columns for fund name, manager, and performance metrics.

Guide to pricing of Authorised Unit Trusts. Includes sections on Initial Charge, Selling Price, and Treatment of Managers.

Advertisement for the new £5 coin. Features the Royal Coat of Arms and the Queen's profile. Includes an order coupon and promotional text.

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 171) 873 4378 for more details.

Table of UK Unit Trusts including categories like Old Mutual Fund Management, Scottish Widows Fund Management, and various individual fund listings with columns for fund name, price, and performance.

INSURANCES

Table of Insurance policies including Life, Health, and Accident policies from various providers like AIG Life and AXA.

OTHER UK UNIT TRUSTS

Table of other UK Unit Trusts including various investment funds and their performance metrics.

Commutated Life Assurance Co Ltd - Contd.

Table of Commuted Life Assurance Co Ltd policies, including details on policy types and values.

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FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Main table containing various fund categories such as 'Investment Funds', 'Money Market Trust Funds', 'Money Market Bank Accounts', and 'MANAGEMENT SERVICES'. Each entry includes fund names, providers, and numerical values.

Money Market Trust Funds

Table listing Money Market Trust Funds with columns for fund name, provider, and price.

Money Market Bank Accounts

Table listing Money Market Bank Accounts with columns for bank name, account type, and interest rate.

MANAGEMENT SERVICES

Table listing various Management Services with columns for service name, provider, and details.

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 878 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing Bermuda funds including Fidelity Currency Funds Ltd, Fidelity International Growth Fund, and others with columns for fund name, price, and change.

BERMUDA (REGULATED)**

Table listing regulated Bermuda funds including Bermuda Intl Investment Manager Ltd, Bermuda Intl Growth Fund, and others.

GUERNSEY (SIB RECOGNISED)

Table listing Guernsey funds including AIG Investment Managers (Guernsey) Ltd, AIG Global Growth Fund, and others.

GUERNSEY (REGULATED)**

Table listing regulated Guernsey funds including AIG Investment Managers (Guernsey) Ltd, AIG Global Growth Fund, and others.

GUERNSEY (REGULATED)**

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IRELAND (SIB RECOGNISED)

Table listing Ireland funds including AIG Investment Managers (Guernsey) Ltd, AIG Global Growth Fund, and others.

IRELAND (REGULATED)**

Table listing regulated Ireland funds including AIG Investment Managers (Guernsey) Ltd, AIG Global Growth Fund, and others.

ISLE OF MAN (SIB RECOGNISED)

Table listing Isle of Man funds including AXA Equity & Low Yield Fund, AXA Global Growth Fund, and others.

ISLE OF MAN (REGULATED)**

Table listing regulated Isle of Man funds including AXA Equity & Low Yield Fund, AXA Global Growth Fund, and others.

JERSEY (SIB RECOGNISED)

Table listing Jersey funds including AXA Equity & Low Yield Fund, AXA Global Growth Fund, and others.

JERSEY (REGULATED)**

Table listing regulated Jersey funds including AXA Equity & Low Yield Fund, AXA Global Growth Fund, and others.

LUXEMBOURG (SIB RECOGNISED)

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FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 573 4375 for more details.

Main table containing financial data for various fund categories: Global European Asset Value Funds, World Lynch Asset Management - Credit, Money International Assurance Ltd, Royal Life International, Global International, Global Asset Management - Credit, and Offshore Insurances. Each entry includes fund names, unit prices, and percentage changes.

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES: Please refer to the notes on pages 12, 13 and 14 of the FT Cityline Unit Trust Prospectus for more details. The regulatory authorities are the Financial Services Authority and the Department of Trade and Industry.

صندوق من الاصل

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Jan 26 / US\$)

(% change)

Table of US stock market data including S&P 500, Dow Jones, and various sector indices.

CANADA

(Jan 26 / C\$)

Table of Canadian stock market data including TSX 300 and various sector indices.

MEXICO

(Jan 26 / M\$)

Table of Mexican stock market data including IPC and various sector indices.

BRAZIL

(Jan 26 / R\$)

Table of Brazilian stock market data including Ibovespa and various sector indices.

ARGENTINA

(Jan 26 / A\$)

Table of Argentine stock market data including Merval and various sector indices.

CHILE

(Jan 26 / C\$)

Table of Chilean stock market data including IPSA and various sector indices.

PERU

(Jan 26 / S/)

Table of Peruvian stock market data including IGV and various sector indices.

VENEZUELA

(Jan 26 / B\$)

Table of Venezuelan stock market data including IPCV and various sector indices.

COLOMBIA

(Jan 26 / C\$)

Table of Colombian stock market data including IPS and various sector indices.

ECUADOR

(Jan 26 / D\$)

Table of Ecuadorian stock market data including ISE and various sector indices.

PANAMA

(Jan 26 / B\$)

Table of Panamanian stock market data including ISE and various sector indices.

CUBA

(Jan 26 / C\$)

Table of Cuban stock market data including ISE and various sector indices.

GUATEMALA

(Jan 26 / Q\$)

Table of Guatemalan stock market data including ISE and various sector indices.

HONDURAS

(Jan 26 / L\$)

Table of Honduran stock market data including ISE and various sector indices.

NICARAGUA

(Jan 26 / C\$)

Table of Nicaraguan stock market data including ISE and various sector indices.

COSTA RICA

(Jan 26 / C\$)

Table of Costa Rican stock market data including ISE and various sector indices.

PARAGUAY

(Jan 26 / G\$)

Table of Paraguayan stock market data including ISE and various sector indices.

URUGUAY

(Jan 26 / U\$)

Table of Uruguayan stock market data including ISE and various sector indices.

INDICES

Table of international stock indices including Argentina, Australia, Canada, etc.

US INDICES

Table of US stock indices including Dow Jones, S&P 500, etc.

AFRICA

Table of African stock indices including South Africa, Egypt, etc.

ASIA

Table of Asian stock indices including Japan, Korea, Hong Kong, etc.

AUSTRALIA

Table of Australian stock indices including ASX 200, etc.

EUROPE

Table of European stock indices including UK, Germany, France, etc.

ISRAEL

Table of Israeli stock indices including Tel Aviv 100, etc.

NEW ZEALAND

Table of New Zealand stock indices including NZSE 100, etc.

PACIFIC

Table of Pacific stock indices including Singapore, Malaysia, etc.

TRADING ACTIVITY

Table of trading activity for various markets including NYSE, LSE, etc.

MARKET COMMENTARY

Textual analysis of market trends and news.

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Advertisement for Rockwell: 'From outer space to the factory floor Rockwell leads the way'.

Advertisement for Rockwell: 'From outer space to the factory floor Rockwell leads the way'.

Advertisement for Rockwell: 'From outer space to the factory floor Rockwell leads the way'.

Advertisement for Rockwell: 'From outer space to the factory floor Rockwell leads the way'.

Handwritten note: 'صكنا من الاصل'.

WORLD STOCK MARKETS

AMERICA

Amex gain gives major boost to Dow

Wall Street Trading was volatile as equities followed the bond market writes Lisa Brunsten in New York. By midday most indices were posting modest gains...

Technology shares were sharply lower in early trading as hedge fund selling, which began on Wednesday, continued. But the lower prices brought out new buyers...

392% after reporting fourth quarter earnings of 42 cents a share. The Nasdaq composite index was 611 ahead by noon at 4,878.53 in volume of 86.5m shares.

Canada Toronto edged higher in mid-day trade and the TSX-300 composite index was 611 ahead by noon at 4,878.53 in volume of 86.5m shares.

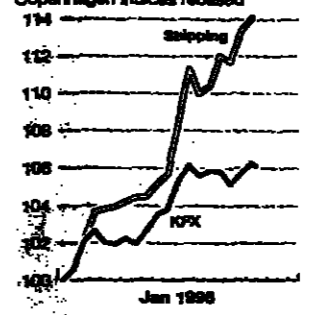
Latin America MEXICO CITY recovered from opening losses by midsession, although worries about the direction of domestic interest rates was keeping sentiment subdued.

Shipping stands out as Denmark outperforms

Hilary Barnes looks at sentiment in Copenhagen The Copenhagen equity market has shot off like a rocket in the first weeks of 1996, though it is a rocket of Danish dimensions...

tors feel that the market limped behind last year, when other markets rose more strongly," he says. But, he adds, "I don't expect that the Copenhagen market will outperform for the rest of the year."

Its global liner services, according to Maersk Line's CEO, Mr. Ib Kruse, but as a result of a global operational alliance with the US Sea-Land which is being implemented this year.



Copenhagen indices released

EUROPE

Zurich, Milan lower as \$ rescues bourses

The higher dollar rescued a number of bourses in the afternoon. ZURICH still ended lower, but it powered back from the day's lows as bargain hunters appeared. The SMI index, 3,157.1 at one stage, finished 19.8 weaker on the day at 3,191.4, down 3 per cent on the week.

Financials put in a volatile performance. US bears fell 3 per cent at one stage, pressured by a tightening of options expiry, before picking up to finish SFR1 higher at SFR1,239.

index rose 15.54 to 1,966.73, recovering from a session low of 1,936.45, and unchanged on the week. Turnover was about 1.4 billion shares.

AMSTERDAM encountered profit-taking during the morning but staged a partial recovery later on strong institutional support for Royal Dutch, as well as on strength in the dollar.

BRF296. But the broad market eased on higher bond yields, and the Bel 20 index closed 9.75 lower at 1,553.15, down 1.8 per cent on the week.

Olivetti fell 1.12% to 1,914.2, up from a low of 1,890 on the break-up of the shareholders syndicate. Analysts said that the end of the grouping, controlled by Mr Carlo De Benedetti's Cir, suggested that the company was evolving towards a more international-style group and away from the typical Italian model.

rose another DM0.90, or 2.8 per cent, to DM72.64, with Commerzbank, BayernHypo and Bayernwaisen all up by more than a percentage point. In cyclical, a key omission from the winners' list was Volkswagen, cut by BZW to a short term hold by a buy, following a magazine report indicating that 1995 profits might be lower than expected.

PARIS liked the Saint-Gobain results, released after the close on Thursday, and marked the glass and building materials group up by 2.75% to 1,411.15, against a 0.5 per cent rise for the SBF30.

BRUSSELS saw short covering and some speculative buying in Clabecq when the steel-maker returned from Thursday's suspension, and the gamble left the shares BRF24, or 9.4 per cent higher at

Individual features included Anglo up 11.50 to 2,374 and Gold Fields up 15 to 1,130.

ASIA PACIFIC

Nikkei up 1.2% as Bangkok sees selling

Tokyo After earlier weakness, the Nikkei average closed with a 1.2 per cent gain on hopes that Monday's trading, the first for February, would boost prices, writes Emiko Terazono in Tokyo.

its after rising by more than 170 points over the last five sessions. The composite index slipped 9.96 to 2,622.76, for the week's improvement of 4.6 per cent. Volume was 3.7m shares worth 2.5bn pesos.

HONG KONG erased sharp morning losses to end mixed, as incoming funds absorbed selling sparked by Wall Street's overnight dip. The Hang Seng finished 8.75 higher at 11,111.15, against a day's low of 11,016.16, and up 3.2 per cent on the week.

KUALA LUMPUR was weak as the release of Malaysia's long-awaited trade data soured the mood. The October trade deficit of \$1.81bn within market estimates, but economists said that the 10-month deficit of \$1.83bn was above the government's full year estimate of \$1.97bn.

Volume fell from 553m on Thursday, the last trading day for January settlements, to 360m. The Topix index of all first section stocks rose 18.50 to 1,597.14 and the Nikkei 300 by 2.65 to 2,699.14. Advances led declines by 784 to 280, with 174 unchanged.

Locally-based mutuals sold in BANGKOK, on reports that brokers were calling for repayment of funds which had been borrowed late last year.

SEANGHAI's hard currency B shares tumbled 1.2 per cent, largely reflecting heavy selling of Redchipper's Compressor on reports of an imminent issue of 50m new shares.

JAKARTA succumbed to the day's mild regional malaise in spite of the government's rewording of a weak economic development package.

Volume fell from 553m on Thursday, the last trading day for January settlements, to 360m. The Topix index of all first section stocks rose 18.50 to 1,597.14 and the Nikkei 300 by 2.65 to 2,699.14.

LONDON EQUITIES

LIFE EQUITY OPTIONS

Table with columns: Date, Call, Put, and various stock symbols like ASEA, BHP, etc.

RISERS AND FALLS

Table with columns: Rise, Fall, and various stock symbols like British Funds, Other Food Interest, etc.

TRADITIONAL OPTIONS

Table with columns: Date, Expire, and various stock symbols like Astra, BHP, etc.

LONDON RECENT ISSUES: EQUITIES

Table with columns: Issue, Amt, Mkt, and various stock symbols like Astra, BHP, etc.

RIGHTS OFFERS

Table with columns: Issue, Amount, Latest price, and various stock symbols like Astra, BHP, etc.

FT/S&P ACTUARIES WORLD INDICES

Large table with columns: NATIONAL AND REGIONAL MARKETS, Thursday January 25 1996, Friday January 26 1996, and Dollar Index.

FINANCIAL TIMES EQUITY INDICES

Table with columns: Index Name, Jan 25, Jan 26, Jan 27, Jan 28, Yr ago, High, Low.

FT GOLD MINES INDEX

Table with columns: Index Name, Jan 25, Jan 26, Jan 27, Jan 28, Yr ago, High, Low.

Free Previews

Free Preview of FT's new equity index... All the above plus our new price + volume variable at 25p for 250pp pa. Includes Stock Exchange fee (see subscription info).

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. Details relate to those securities not included in the FT Share Information Services. Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange's Telford system. They are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date. † Bargains at special prices. ‡ Bargains done the previous day.

Table with columns for security names and prices. Includes sections for British Funds, UK Public Water, and Foreign Stocks, Bonds, & Coupons payable in London.

UK Public Water

London City 2 1/2% Cons Stk 1992 (1992) 125 1/2

Foreign Stocks, Bonds, & Coupons payable in London

Geopon (London) 5 1/2% 1994 (1994) 125 1/2

Starting Issues by Overseas Borrowers

Asian Development Bank 10 1/2% Ln Stk 2000 (1996) 119 1/2

Listed Companies (excluding Investment Trusts)

ABF Investments PLC 5 1/2% Ln Stk 87 2002 (1996) 119 1/2

FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices and the FT-SE Actuaries Industry Baskets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited.

The FT-SE Actuaries All-Share Index is calculated by The Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries. © The Financial Times Limited 1996. All rights reserved.

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices, the FT-SE Actuaries Industry Baskets and the FT-SE Actuaries All-Share Index are members of the FT-SE Actuaries Share Indices series which are calculated in accordance with a standard set of ground rules established by The Financial Times Limited and London Stock Exchange in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

"FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited.

Main table of stock deals with columns for security names, prices, and volumes. Includes various PLCs and financial institutions.

Table of investment trusts and other financial products with columns for names and prices.

Find out why so many expatriates look to RESIDENT ABROAD for help

When moving abroad, you need to be fully informed of the opportunities - and the pitfalls - that you will face. Thankfully there is a monthly publication which can help - RESIDENT ABROAD. Published by the FT Magazines, and specifically written for expatriates, it brings you the latest news, views and practical help on living and working abroad - and KEEPS YOU IN TOUCH with what is happening back home.



MAKE YOUR MONEY WORK HARDER. There's a bewildering array of expatriate financial services out there - and they all want your hard-earned money. Our in-depth, but easy-to-read, coverage of the latest investment products, off-shore banking services, tax advantages and world stock markets will help ensure that your earnings are put to maximum use.

MAKE THE MOST OF YOUR LIFESTYLE. With RA you can explore the customs and cultures of different countries and find ways for you and your family to enjoy leisure time together. Plus you keep up-to-date on worldwide property prices, motoring, boating, holidays and information on schools for the children. And there's much, much more to enjoy - in every issue. Take advantage of our special subscription offer and receive RESIDENT ABROAD FREE for 2 months.

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Handwritten Arabic text: 'مكتبة من الاصل' (Library of the original).

LONDON STOCK EXCHANGE

MARKET REPORT

Equities rally strongly to close up on the day

By Steve Thompson, UK Stock Market Editor

London's equity market fought back well from an unsteady opening and numerous bouts of selling pressure during the day to close marginally up on the session.

The late rally followed a similar move by Wall Street, bonds, funds and gilts which were unmoved by worries about the interim measures put in place to prevent a US debt default.

There was also a definite German angle to much of the morning's unhappiness, with unexpected money supply numbers tending to damage the market's already thin hopes of another cut in German interest rates when the Bundesbank council meets in Frankfurt next Thursday.

Adding to the market's discomfure was yet another profit warning, this time from one of the UK's former glamour stocks, J.Sainsbury, the food retailing giant.

Over the week the FT-SE 100 showed a 1.2% decline, while the Mid 250 put on 12 points.

Adding force to the recovery trend late in the day was a fresh bout of takeover speculation which yesterday focused on Thorn EM, the leisure and music publishing group seeking to demerge its music business.

Standard Chartered, the banking group which attracted a blaze of takeover speculation midweek, was again the centre of much market rumour, with dealers convinced that a discloseable stake in the bank would be revealed early next week.

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FT-SE-A All-Share Index

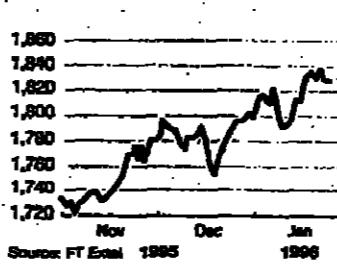


Table with 2 columns: Index Name and Value. FT-SE Mid 250: 4085.8 (-1.1); FT-SE A 250: 1854.6 (+0.1); FT-SE-A All-Share: 1828.90 (+0.22); FT-SE-A All-Share yield: 3.73 (0.73); FT Ordinary index: 2768.3 (+0.7); FT-SE-A Non Fin plc: 18.82 (18.83); FT-SE 100 Fin Mer: 3744.0 (-2.0); 10 yr Gilt yield: 7.43 (7.37); Long gbt/yield yld ratio: 2.10 (2.06)

Equity shares traded

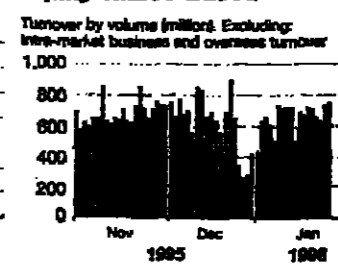


Table with 2 columns: Index Name and Value. FT-SE 100 index: 3744.0 (-2.0); Change over week: -13.7; Jan 25: 3734.2; Jan 24: 3758.2; Jan 23: 3735.0; Jan 22: 3754.2; High: 3758.2; Low: 3735.0; 5-day high and low for week: 3758.2

TRADING VOLUME IN MAJOR STOCKS

Table with 4 columns: Stock Name, Vol. 000,000, Closing price, and % change. Includes ASDA Group, Abbey National, ABN AMRO, etc.

EQUITY FUTURES AND OPTIONS TRADING

A strong Wall Street helped stock index futures shake off some of the early blues that had prompted a sharp retreat in the lead contract, writes Joel Kibzicek.

Having opened at 3,742, the March contract on the FT-SE 100, declined on active selling from both institutions and independent/local traders. It fell to a low of 3,716 after lunch before the bullish trading in New York helped bring a turn around.

Table with 4 columns: Index Name, Open, Settle, Change, High, Low, Est. vol, Open Int. Includes FT-SE 100 INDEX FUTURES (LFFE) and FT-SE 250 INDEX FUTURES (LFFE).

FT-SE-A INDICES - LEADERS & LAGGARDS

Table with 2 columns: Index Name and % change since Dec 26 1995. Includes Lloyds, NatWest, etc.

Trouble in the aisles

A surprise profits warning from J. Sainsbury sent the company's shares tumbling as analysts downgraded profit expectations.

One disgruntled dealer simply said, "Tesco, Asda, and Sainsbury have one foot on the accelerator and another on Sainsbury's neck."

The eagerly awaited trading statement from the food retailer had been expected to show signs of an improvement in the group's fortunes following a poor 1995.

Granda active

Turnover in media and leisure giant Granada Group jumped to 51m, following a joint placing by both BZW and ABN Amro of 25.6m shares.

Chief price changes

Table with 2 columns: Stock Name and % change. Includes British Biotech, British Biotech, etc.

New 52 week highs and lows

Table with 2 columns: Stock Name and Price. Includes ASDA Group, Abbey National, etc.

Legal notices

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice, Chancery Division, dated 17th January 1996...

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OFEX facility

OFEX is a trading facility for share dealing in unquoted companies. It is a regulated market...

Hourly movements

Table with 4 columns: Index Name, Open, 9.00, 10.00, 11.00, 12.00, 13.00, 14.00, 15.00, 16.00, High/Low, and % change.

FT-SE Actives 350 industry baskets

Table with 4 columns: Industry Name, Open, 10.00, 11.00, 12.00, 13.00, 14.00, 15.00, 16.00, Close, Previous, and % change.

Hourly movements

Table with 4 columns: Index Name, Open, 9.00, 10.00, 11.00, 12.00, 13.00, 14.00, 15.00, 16.00, High/Low, and % change.

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FT-SE Actives Share Indices

Table with 4 columns: Index Name, Days, % change, and % change since Dec 26 1995. Includes FT-SE 100, FT-SE 250, etc.

FT-SE Actives All-Share

Table with 4 columns: Index Name, Days, % change, and % change since Dec 26 1995. Includes FT-SE All-Share, FT-SE 100, etc.

FT-SE Actives 350 Industry Baskets

Table with 4 columns: Index Name, Days, % change, and % change since Dec 26 1995. Includes FT-SE 350, FT-SE 100, etc.

Hourly movements

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LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector with columns for company name, price, and change.

BUILDING MATS. & MERCHANTS - Cont.

Table listing companies in the Building Mats. & Merchants sector.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Table listing companies in the Electronic & Electrical Equipment sector.

EXTRACTIVE INDUSTRIES - Cont.

Table listing companies in the Extractive Industries sector.

HOUSEHOLD GOODS - Cont.

Table listing companies in the Household Goods sector.

INVESTMENT TRUSTS - Cont.

Table listing investment trusts.

BANKS, MERCHANT

Table listing banks and merchant companies.

CHEMICALS

Table listing chemical companies.

BANKS, RETAIL

Table listing retail banks.

DISTRIBUTORS

Table listing distributor companies.

ENGINEERING

Table listing engineering companies.

BREWERIES, PUBS & REST

Table listing breweries, pubs, and restaurants.

DIVERSIFIED INDUSTRIALS

Table listing diversified industrial companies.

ENGINEERING, VEHICLES

Table listing engineering and vehicle companies.

FOOD PRODUCERS

Table listing food producer companies.

INSURANCE

Table listing insurance companies.

INVESTMENT TRUSTS

Table listing investment trusts.

BUILDING & CONSTRUCTION

Table listing building and construction companies.

DIVERSIFIED INDUSTRIALS

Table listing diversified industrial companies.

ENGINEERING, VEHICLES

Table listing engineering and vehicle companies.

GAS DISTRIBUTION

Table listing gas distribution companies.

HEALTH CARE

Table listing health care companies.

INVESTMENT TRUSTS

Table listing investment trusts.

BUILDING MATS. & MERCHANTS

Table listing building mats and merchant companies.

ELECTRICITY

Table listing electricity companies.

ENGINEERING, VEHICLES

Table listing engineering and vehicle companies.

HEALTH CARE

Table listing health care companies.

HOUSEHOLD GOODS

Table listing household goods companies.

INVESTMENT TRUSTS

Table listing investment trusts.

BUILDING MATS. & MERCHANTS

Table listing building mats and merchant companies.

ELECTRONIC & ELECTRICAL EQPT

Table listing electronic and electrical equipment companies.

ENGINEERING, VEHICLES

Table listing engineering and vehicle companies.

EXTRACTIVE INDUSTRIES

Table listing extractive industries companies.

HOUSEHOLD GOODS

Table listing household goods companies.

INVESTMENT TRUSTS

Table listing investment trusts.

Large table on the right side of the page containing various financial data and indices.

Handwritten text at the bottom center: "سكرا من الاصل"

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

Table listing investment trusts with columns for name, price, and other financial data.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies with columns for name, price, and other financial data.

OTHER FINANCIAL - Cont.

Table listing other financial companies with columns for name, price, and other financial data.

PROPERTY - Cont.

Table listing property companies with columns for name, price, and other financial data.

SUPPORT SERVICES - Cont.

Table listing support services companies with columns for name, price, and other financial data.

AIM - Cont.

Table listing companies on the Alternative Investment Market (AIM) with columns for name, price, and other financial data.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for name, price, and other financial data.

LIFE ASSURANCE

Table listing life assurance companies with columns for name, price, and other financial data.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies with columns for name, price, and other financial data.

RETAILERS, FOOD

Table listing retailers and food companies with columns for name, price, and other financial data.

TELECOMMUNICATIONS

Table listing telecommunications companies with columns for name, price, and other financial data.

AMERICANS

Table listing American companies with columns for name, price, and other financial data.

INVESTMENT COMPANIES

Table listing investment companies with columns for name, price, and other financial data.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for name, price, and other financial data.

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for name, price, and other financial data.

RETAILERS, GENERAL

Table listing general retailers with columns for name, price, and other financial data.

TOBACCO

Table listing tobacco companies with columns for name, price, and other financial data.

CANADIANS

Table listing Canadian companies with columns for name, price, and other financial data.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for name, price, and other financial data.

OTHER FINANCIAL

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PROPERTY

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SUPPORT SERVICES

Table listing support services companies with columns for name, price, and other financial data.

WATER

Table listing water companies with columns for name, price, and other financial data.

AMERICANS

Table listing American companies with columns for name, price, and other financial data.

Advertisement for Sharelink, featuring the text 'Ind linked.', '0121 200 2242', and 'SHARELINK Helping investors help themselves.'

GUIDE TO LONDON SHARE SERVICE

Guide to London Share Service: Prices for the London Share Service delivered by FT Index, a member of the Financial Times Group. Company classifications are based on those used for the FT-SE 100 Index.

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FT Company Focus

FT Company Focus: Comprehensive 10-14 page report available on this company, containing key FT stories from the last year, latest survey of City profit forecasts and investment recommendations, 5 year financial and share price performance review, balance sheet and profit and loss data, plus recent Stock Exchange announcements for 2045.

FT Cityline

FT Cityline: Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details. An international service is available for callers outside the UK, annual subscription £250 stg. Call 0171 575 4375 for more information on FT Cityline.



Senior European figures stand by Emu start date
UK grows confident of delay on single currency

By Robert Peston in London and agencies
European politicians made fresh attempts yesterday to erase doubts about the single currency project as the British government displayed growing confidence that a delay of at least a year was now probable.

doubt on the timetable for European monetary union or the strictness of the convergence criteria.
Yesterday, however, other senior figures dismissed these suggestions. Mr Yves-Thibault de Silguy, European Commissioner for economics, said a decision on which countries are eligible to join monetary union in 1999 will be made at the start of 1998.

are simple. There is a treaty which imposes a timetable. We will apply it. It includes a number of criteria. They must be applied," he told a business conference.
Mr Alexandre Lamfalussy, president of the European Monetary Institute, said the Emu convergence criteria laid down in the Maastricht treaty should not be relaxed.

Japanese industry leaders reject wage freeze call

By William Dawkins in Tokyo
A dispute has broken out among Japanese industry leaders over a controversial call for a wage freeze by the Nikkeiren employers' federation.
The wage freeze proposal, intended to curb Japanese labour costs, has drawn unusually public criticism from executives at Honda Motor and Nissan Steel, and from influential business bodies including the Keidanren economic federation.

THE LEX COLUMN

Whole world in his hands

Mr Rupert Murdoch already has BSkyB beaming to Europe and Star in Asia. With his latest US satellite venture - likely to be dubbed American Sky Broadcasting (ASkyB) - the media tycoon has most of the globe covered. Mr Murdoch's News Corporation is pulling ahead of other media conglomerates in building a global distribution network, even when mega-mergers such as Disney/ABC and Time Warner/Turner are taken into account.



still the most profitable of the big supermarkets, with the highest sales densities. Its return on capital remains impressive at 21 per cent - five points above the sector average - and as store openings slow, cash flow is turning strongly positive.
While increasing competition will erode margins and returns for all food retailers, this is a gradual process. That gives Sainsbury time to use its cash to defend its core business.

Danish feta in danger from Brussels' gastronomic purity

By Caroline Southey in Brussels and Hilary Barnes in Copenhagen
A mix of national sensitivities and gastronomic puritanism has raised grave doubts over the fate of feta cheese from Denmark and Parma ham from anywhere other than Parma, Italy.
The European Commission has drawn up a hit list of 320 food products with disputed names. It wants to ensure that farmhouse cheddar is not from a factory, and that Orkney lamb comes from the islands of the same name off the north of Scotland.

sumers believe feta is a Greek cheese made from goats' milk. In coming weeks, EU agriculture ministers will have the opportunity to scrutinise the Brussels proposals before they come into force. However, unless they can find a consensus on altering the list, which is unlikely since battle lines have been drawn between northern and southern member states, the Commission has the power to bring the measures into force within three months.

products named after the geographical area in which they are produced. Since member states already offer some protection to products from certain areas, the idea was to produce a common EU-wide list.
A large number of the 320 products on the Commission's list are already protected at local level.
'It is a tricky regulation to agree. What has to be decided is what constitutes a generic term - such as cheddar, which is produced everywhere, not just in Cheddar - and what products have a special quality because of where they are produced,' an EU official said.

GT Chile Growth Fund

There is piracy in the steady waters of the fund management industry and it is putting even the most notorious corporate raiders to shame. Attacks on moribund closed-end funds are not new, and aggressors have benefited all investors by pushing investment trust directors to deliver better share price performance.
But Regent Kingpin's attack on the management of the London-listed but Cayman Islands-registered GT Chile Growth Fund appears to be less equitable.

J. Sainsbury

Yesterday's trading statement from J. Sainsbury merely reconfirms the group's unenviable status as last year's supermarket slaggard. Like-for-like sales growth of 4% per cent over Christmas compares badly with double digit increases at Asda and Tesco.
Moreover, the group has had to sacrifice gross margin to improve customer service and product availability - surely basic skills for a food retailer?
But Sainsbury's relative decline must be put in perspective. It appears to stem largely from poor marketing strategy leading them out, property and homebuilding are becalmed.

Listing may be sought for TV venture

Continued from Page 1
satellite (DBS), arrived on the UK market in 1994.
MCI said the market for entertainment on DBS was projected at \$7bn, or 12-15m subscribers, by 2000. It expected a 10-20 per cent market share by then.

Mr Maine said that, on these projections, the venture would make a return on investment, in percentage terms, "in the high 20s".
"The economics of this venture, based solely on the consumer market, justify the investment," he said. "The cash flow

and profits from the business market are gravy."
The new service is due to start in autumn next year. Mr Maine said he expected the venture to generate positive cash flow within two years of that date, and positive earnings within three to four years.

FT WEATHER GUIDE
Europe today
A strong westerly flow will send a series of low pressure areas across the Mediterranean. As a result, most of Portugal and Spain will have cloud and rain. Italy will have sunny spells, especially in the south. South-eastern Europe and western Turkey will be mainly cloudy with rain. Rain in the southern Alps and Hungary will turn to sleet or snow.

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Weekend FT

The European Parliament is flexing its muscles. But Lionel Barber asks whether it can ever be seen as legitimate

The year was 1945. The Red Army was advancing. Klaus Hensch fled his home in Silesia to join thousands of fellow Germans on the long trek to safety in the west.

Today Silesia belongs to Poland and Hensch is president of the European Parliament, where he has become a passionate advocate of a united Europe in which MEPs will play a central role alongside national governments and parliaments.

As Hensch opened a legislative session in Strasbourg last week, he looked determined to lead unruly colleagues by the scruff of the neck into a more responsible age. Some see echoes in European history as elected representatives have wrung power from reluctant, undemocratic rulers in the name of the people.

As Hensch admits, the parliament has still to persuade the European public that it is worthy of such an elevated role. Often dismissed as a travelling circus shuttling between Brussels and Strasbourg, it is known simply as "the mother-in-law of all parliaments".

The 628 MEPs, drawn from 50 parties, include British Socialists, Flemish nationalists, German Greens and Italian neo-fascists in sunglasses who strut along corridors lined with modern art. To observe this hotch-potch of political has-beens and Euro-wannabes in action is to witness a perpetual tension between zaniness and common sense.

Among the parliament's luminaries are Valéry Giscard d'Estaing, former French president; Michel Rocard, former French prime minister; Sir James Goldsmith, Anglo-French tycoon and protectionist pamphleteer; Danny "the Red" Cohn-Bendit, 1960s agitator-turned-Green activist; and the Rev Ian Paisley, the Ulster firebrand.

Glennys Kinnock, wife of Neil Kinnock, the former British Labour party leader and European Union commissioner, is a recent arrival, along with Nana Mouskouri, the Greek singer who melted middle-aged hearts a generation ago.

In fairness, the parliament has always defied conventional analysis. Anthropologists have grappled with the institution which has listened to the highest oratory from President Anwar Sadat in 1979 or President François Mitterrand in



Power games in Europe

1986, only to descend to the depths as a few cranky MEPs campaign for a Euro-observatory for unidentified flying objects.

Yet as Europe's business shifts inexorably to Brussels, the parliament's role in running the union is growing. Once a mere consultative assembly, it has steadily accumulated power to amend or block Euro-legislation. "It's a parliament which is seizing power," says Nicholas Phillips, one of an estimated 2,000 people who stalk its corridors, "whereas national parliaments are trying to cling on to power."

In March, the EU launches another inter-governmental conference on its constitutional future, amid calls for greater clarity and legitimacy in EU decision-making. With the pre-conference manoeuvring in full swing, Hensch's

declaration that it is time to take the parliament seriously is worth a second hearing.

The EU is a community of 15 sovereign states with elements of supranationality vested in the unelected European Commission, the Brussels-based executive. The parliament, the sole directly elected EU institution, sees itself as the natural democratic counterweight to the union's principal bodies: the commission and the decision-making Council of Ministers drawn from member states.

The case against the parliament is that it is neither particularly European nor a real parliament. It first held direct elections in 1979, thanks to a whim of the then French president, Giscard d'Estaing. He thought that direct suffrage would help the parliament to mature, establishing a building block in a more politically

integrated Europe. Pascal Lamy, who was chief of staff to Jacques Delors, the former commission president, says the French idea was misguided. "To give a parliament

It is known simply as 'the mother-in-law of all parliaments'

direct elections without real power is not a good thing," says Lamy. "In Britain, the House of Commons was only directly elected after it had seized real power."

The parliament also lacks legitimacy because it has no single electoral system. The

British refuse to contemplate proportional representation, while the party list system in countries such as France is a recipe for cynicism.

Turnout in the June 1994 election was 56 per cent of the 26m citizens eligible to vote - higher than in US congressional polls but lower than the 63 per cent recorded in 1979. Eleven official working languages - a burden shared by other EU institutions - stultifies debate, while absenteeism remains endemic.

The more fundamental criticism is that the parliament fails to live up to its name because it has no "European government" to control. MEPs cannot raise taxes or dispatch troops because these powers still reside with national parliaments. "The parliament is not responsive to public opinion and it is accountable to no one," says a senior EU

official. "It's only a symbol." Yet much of the criticism is wide of the mark. Just as the EU is a political hybrid, so the parliament is sui generis. "The European Parliament is not like the Bundestag or the House of Commons," says Hensch. "We can't be a copy and we don't want to be."

Thus, MEPs do not divide easily between governing party and opposition. Business is conducted on a broadly bipartisan consensus between the two largest groups: the Socialists, led by the stocky British ex-politician Pauline Green, a rising star; and the centre-right European People's party, led by Wilfried Martens, the ex-

Belgian premier and close ally of Chancellor Helmut Kohl.

The parliament is clearly expanding its powers, particularly in relation to the commission. One senior EU official, paraphrasing Oscar Wilde, jokes that this is a case of the "unacceptable in pursuit of the unaccountable". But MEPs showed they mean business last year when they successfully pushed for US-style confirmation hearings of the 20 newly appointed EU commissioners, five of whom were later censured for inadequate performance.

MEPs are also exploiting

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leaving
more
handbags



Joe Rogaly

Right still calls the tune

The English-speaking Left has no original thought to offer

In the Anglo-Saxon world, the Right is still composing both the music and the libretto.

In Washington this week Bill Clinton hummed conservatively tunes, the high note of the union solo the Democrats' president sang about bringing back school uniforms, putting more police on the beat, balancing the budget, smaller government, family values, self-reliance, and please elect me for my smile. In London Tony Blair offers a similar refrain.

The Labour leader has given us new arias about better standards in schools, more police on the beat, tight budgets, family values, self-reliance, and please elect me since I smile. This week Mr Blair added a discordant minor chorus. His party will have no truck with selective schools. Did I hear the contrapuntal phrases, "except where we need the votes"? It does not matter.

The argument about whether Harriet Harman, a member of Mr Blair's shadow cabinet, is or is not hypocritical leaves me unmoved. She sent her 11-year-old son to a grammar school. He had to pass a stiff entrance exam to get in. So what? Her decision concerns us only to the extent that it is a window into Labour's soul. What we see when we peer through, as we

do when we contemplate Mr Clinton's Democrats, is a void. Nothing. Emptiness.

The English-speaking Left has no original thought to offer, or at least none that it can sell to the voters. Stakeholding? Please. Let us not talk like fools. The word as used by various theorists has this meaning or that, and can be taken seriously in academic debates. Deployed by the Labour leader it is a slogan, a soundbite, a portmanteau, a scintillatingly incoherent, an actuator of the many softening the electorate.

He cannot be blamed for this. The Left is doomed to borrow from the Right. Newt Gingrich said of Mr Clinton's speech that it "was about one quarter Ronald Reagan, about two-thirds Lyndon Johnson and about 10 per cent George McGovern". The speaker of the US lower house was characteristically inaccurate. Contemporary political rhetoric owes its existence to the Reagan-Thatcher revolution and the fall of communism. Mr Clinton and Mr Blair could not get a hearing if they spoke any other language.

Wait. Has not something called "social democracy" survived? This might be true for another few years in continental Europe, but political discourse in the US, Britain, Australia and New Zealand is about minimalist government,

cutting taxes and spending, nurturing the capitalist wealth-creating machine, seducing the middle classes. Parties of the left offer an overt sense of compassion, but they avoid any mention of equality of income and wealth, or additional expenditure.

There is no way around this. In a pamphlet due to be published by Demos' next week John Gray will argue that

When we peer into Labour's soul what we see is a void. Nothing. Emptiness

deregulation of markets and globalisation of trade have removed many of the policy levers upon which social-democratic governments rely. Dr Gray, a 1980's Thatcherite pamphleteer turned thoughtful, says that these factors "make the distributional goals of social democracy unachievable..." As Mr Blair has recognised, competition on a planetary scale erodes soft fiscal options in any single country. This is not to say that Dr Gray is uncritical of the New Right. Here is one example of his view: "...the only compa-

rable country which suffered a larger increase in economic inequality than Britain in the 1980s was New Zealand, in which neo-liberal policies were even more relentlessly pursued," he observes with disapproval. He proposes that social Democrats should abandon the overall commitment to equality and try to seek justice in specific policy areas within generally understood rules of fairness.

Take education. Dr Gray's view is that the British notion of fairness calls for allocation of opportunities by merit. Much follows from that questionable assertion. Let us track the argument. Private schools are not about to be abolished. More money, if there was enough available, would not of itself upgrade the quality of all state schools. If you oppose grammar schools, and streaming by merit within comprehensives, you divide the world into private school winners and state school losers, do you not?

"The reintroduction of meritocratic policies in state schools can therefore be defended in social-democratic egalitarian terms as a vital aid to equal opportunity," says our pamphleteer. He would not return to selection at 11 or make any choice of institution irreversible, but is unafraid of the words "grammar school". Mr Blair and Ms Harman pre-

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PERSPECTIVES

The Nature of Things Oleaginous claims from P & G

A fat-free fat substitute has this week received approval in the US. Clive Cookson reports

The food industry is drooling at the prospect of the first fat-free fat, olestra, which the US Food and Drug Administration approved for sale on Wednesday.

Procter & Gamble, the food and detergent giant, has sunk hundreds of millions of dollars over the past 25 years into developing olestra and proving its safety. (The research file fed to the FDA runs to 150,000 pages of data.) And the company is bound to spend millions more promoting the calorie-free olestra after its approval.

Olestra is the only fat substitute that tastes, feels and cooks like the real thing. Others are made from specially processed proteins, which imitate the "mouth feel" and texture of fat but are destroyed by heat, while olestra is excellent for baking and frying. Indeed the first products approved by the FDA are snacks, such as potato crisps and tortilla chips, fried in olestra.

Olestra is a synthetic chemical, manufactured from sugar and vegetable oil and known as a sucrose

polyester. An ordinary fat molecule is a triglyceride, with three fatty acid chains attached to a backbone of glycerol. The olestra molecule is larger: it has six fatty acids linked to a central sugar unit.

This structure is resistant to the digestive enzymes that break the fatty acid chains off a triglyceride molecule. Olestra is literally indigestible; it passes unaltered through the body and is therefore completely non-fattening.

After 150 safety studies involving 5,000 people, P&G has overwhelming evidence that olestra is non-toxic. But that does not mean it is problem-free.

Olestra's most obvious downside,

described gleefully by P&G's opponents during public hearings by the FDA Food Advisory Committee in November, is its ability to lubricate the bowels and precipitate "anal leakage".

The company agrees that this occurred with early formulations of olestra but denies that it would be a problem with the product today in the quantities people were likely to consume.

Another potential side-effect is vitamin deficiency, because fat-soluble vitamins (A, D, E and K) also dissolve in olestra. They are drawn out of foods and carried through the body with the olestra, without being absorbed. P&G will get round this problem by fortify-

ing olestra foods with vitamins.

Of course olestra is an irresistible target for consumer activists who are implacably opposed to multinationals manufacturing junk food. They say olestra will do nutritional damage even if it is not directly harmful, by encouraging people to eat yet more of the industry's unhealthy products.

P&G argues, on the contrary, that olestra can improve public health by reducing the excessive amounts of saturated fat in the US diet and helping people to lose weight. For example, the company cites three clinical trials to show that men who ate breakfasts containing olestra instead of ordinary fats could cut the proportion of cal-

ories coming from fat from 41 per cent to 35 per cent.

The critics reply that, with foods, isolated clinical trials are no guide to the way the population as a whole will behave. They point to the fact that obesity has become more widespread during the 15 years since NutraSweet was introduced as a low-calorie sweetener. Fat and sugar substitutes simply encourage people to eat more.

Would anyone want to eat a lot of olestra? P&G says "olestra snacks provide the same great taste as other snacks". This will put off anyone who finds mass-market snacks (and American corporate vocabulary) disgusting, but millions do find them irresistible.

In blind tastings, thousands of American families ate olestra potato crisps (containing 70 calories per ounce) and ordinary crisps (packed with 190 calories per ounce) during alternate weeks. The two received an equal rating. In contrast the low-fat snacks on the market today, made without olestra, are consistently less popular than their full-fat equivalents.

Although P&G asked the FDA only to approve olestra for use in snacks, it can in principle replace vegetable oil or shortening in virtually any culinary application: ice cream, salad dressings, spreads for bread, biscuits, cakes and so on. Olestra could eventually become a billion dollar business for P&G.

Food technologists can alter Olestra's texture (from liquid oil to buttery solid) by attaching different fatty acids to the molecule's sugar core. Pure olestra is virtually flavourless. Like corn oil, though some people find that it has a slight aftertaste.

Following the FDA approval - which is conditional on a warning label about possible side-effects - P&G will quickly start test marketing of olestra snacks such as Pringle's crisps in the US.

In the UK, the government's Food Advisory Committee has been considering a similar licensing application for olestra for several years but is not on the point of making any decision.

Looking at the issue from the viewpoint of consumer choice, the time has come to let P&G put olestra on the market, as long as the company agrees to fund extensive long-term health studies. This particular consumer will try anything once but will be astonished if he becomes a frequent eater of olestra snacks.

For Perween Warsi food is a serious matter. "It's not as simple as you might think. To me, creating a dish is like creating designer wear; you really have to think about what you use and how you are using it."

In 1986 she despaired of ever finding a samosa or a tandoori chicken worthy of the name among the professedly ethnic offerings in her local supermarkets' chill cabinets, and set to work at home in her kitchen to rectify matters.

Warsi started in a domestic kitchen, with her husband Talib, a general practitioner, and some friends helping. Today she is managing director of S & A Foods, a company with an estimated turnover this year of £20m which employs around 350 people.

S & A Foods in Derby produces own-label and Shahi-branded ready meals which are sold to supermarkets including Asda, Sainsbury and Tesco. S & A also supplies caterers including the brewers Whitbread and Marston.

Perween has won a string of food awards and, when I met her, she had returned the previous day from a European business trip, and had been at her office and various parts of the S & A Foods plant since before 8am. She does not expect to get home much before 8pm. There is a welcoming aroma of Indian cooking from the test kitchen.

Perween encourages employees in all departments to use their initiative, and to present ideas. The one thing she will insist on, however, is that either she or her husband blends the spices used in every batch. This is to ensure that it is done precisely the way she wants it and that the S & A blend remains secret.

She is also the final arbiter when it comes to tasting the products, and it has not been unknown for her to declare 500kg unsatisfactory and ditch the lot.

"Rejecting a batch could cost us £200 or it could cost us £1,000, depending on which product it is, but that is not really the point. The point is that presenting less than our optimum in quality to the outlets - and through them, the customers who are going to eat it - would be a false economy, given the reputation we have now, and the time and effort it has taken to build that reputation," Perween says.

"I started in my own kitchen at home, making finger snacks, and my first customer was a local Greek take-away. I wanted to test my products to see how they would sell."

Within weeks Perween's home-made Indian snacks had taken off. Soon she began selling to a distributor supplying local pubs and restaurants. Hussains took on a hectic round of visits to customers.

Before long, demand had outgrown the dimensions of Perween's kitchen. "My kitchen at home, believe me, was very small. Soon I had to spread into the conservatory, and from there, within months, I



Aroma of India: Perween Warsi, left, the award-winning force behind S & A Foods

Minding Your Own Business

Simply the spice of life

Simon Walsh on how home cooking led to a £20m-a-year business turnover

had set up in an industrial unit.

In 1987, S & A made its first approach to the multiples.

"The first one was Asda. One thing I firmly believe is that you always have to try. The worst people can say to you is no, and if they say yes, then it's absolutely wonderful. After comparing my product with that of several other companies, they did, and they gave me the business."

Sainsbury followed, and Perween soon found that even the industrial unit could not contain the operation if it was to grow to its full potential, when it was time to go beyond finger snacks to meals proper.

To fund this expansion they had to find a suitably resourced backer. This turned out to be a company that made

Perween retain 25 per cent of S & A's shares because it wanted her to continue to have control of the business. While S & A continued on the ascendant the partner went into receivership.

"How they went wrong is not for me to say, but they did, and it got to a point where our future was not to be with them after all. We decided to ask for a management buy-out. Obviously that was disputed because by then our part of the business was the part that was the more successful by some way. It was difficult, but it was achieved."

A new factory costing £6m has been built and production started there in August. S & A says it houses some of the most advanced cook-chill and frozen food facilities in Europe.

Perween tries to be aware of what her customers want.

Customers might, for instance, like a Balti dish when heated in the oven.

Perween went to a packaging supplier and explained what she wanted and the container took a year to develop. It was worth it. The product has landed a "Most Innovative Product" award.

But S & A Foods sets particular store by one special ingredient, its workforce. "We appreciate that people are a company's greatest asset. Many companies do not, but they don't know what they are missing."

"Many of our people have been with us since day one. We have evolved a family feeling, and that is something we want to preserve for as long as we

can. I have tried to create a culture where people thrive on challenges and can express their own creativity."

The award-winning sizzling Balti dishes began with an employee's suggestion, which has since been rewarded with an African holiday.

"You have to create an atmosphere where people believe that they belong, because that is what really motivates them, in a way that I do not believe money alone can."

Export contracts have been won in France and the Netherlands. Several other countries are on the itinerary as well but, asked which ones, Perween Warsi just smiles and says: "One step at a time."

■ S & A Foods: 01333-270670, Peartree Industrial Park, Princes Street, Derby.

coated on the inside with an extremely heat conductive compound called a "susceptor" which gives it the sizzle effect when heated in the oven.

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Country View Walking back to happiness

Clive Aslet wants to see fewer ramblers and more country walkers

My walk took me to the reservoir. I cannot pretend that, in terms of distance, this represents any great achievement, since the reservoir is only a couple of fields away from the house in which we were staying.

It is not quite among the mudflats of Essex but near enough to enjoy the full benefit of winds that penetrate one to the bone within seconds. Numbingly cold, it was nevertheless a bright day.

But something was missing. There were ducks on the water and one or two people peering at them through the misting windows of their cars. There was not, however, a single other person taking a walk. What has happened?

Many people, even if they never walked for the rest of the year, would take a walk on a crisp winter's afternoon to shake off the effects of a big Sunday lunch. On Boxing Day or New Year's day it used to be a tradition. People liked to remind themselves that they were still part of the walking classes. For some, the ritual retains its potency.

But I fear that generally it is losing its grip.

It is not that walking does not take place at all - far from it. But the activity, among devotees, now has a fearsome earnestness about it. Too many people are - to borrow the phrase that Michael Howard, home secretary, devised about village patrols - walking with a purpose. Ramblers are politicising the activity.

Britain glories in 120,000 miles of footpaths, and the Countryside Commission intends to see that they are all marked and cleared by the year 2000.

Yet the pleasure for true ramblers would seem to lie in finding paths, however little used, that are blocked.

To appreciate a good walk requires something of the leisurely attitude to life summed up in the *Who's Who* entry of Joe Mordant Crook, the art historian. Under "recreations", he simply lists "strolling".

In the exercise culture that has grown since the 1980s, there is little place for strolling. These days, exercise must be vigorous and single-minded, or it does not count. People want to get it over and done with quickly. Such an attitude is inimical to the old-fashioned

country walk. Further, it would seem that all but fanatics have developed a hostility to the elements that would have puzzled our parents and grandparents.

In some pockets of the country, the old values persist - neglected and out of fashion. Tell-tale signs of their survival are the impermeable, slime-coloured garments that clutter the hallway of a traditionally minded country house.

Their owners probably still place an unfashionable value on fresh air. At the turn of the century, fresh air was held to be an elixir of life, an antidote to tuberculosis. Now, the great fears of the middle-classes are such things as heart attack, Alzheimer's disease or cancer. So fresh air has been filtered out of many lives altogether.

The office and the car are

Fresh air has been filtered out of many lives altogether

air-conditioned, the home is double-glazed. Pollution causes some people to regard unfiltered air as dangerous. Even in the countryside, there is a perception that fresh air is not as fresh as it used to be.

Alas, that brings us to another reason for the decline of the walk. Modern agriculture often deprives the walker of the varied experiences that used to make this activity so magical. A campaign for taking more country walks would have a wholesome effect on the countryside.

In the autumn, the government published a rural white paper. It should monitor progress by establishing a country walk index, based on the number of genuine country walkers in any area.

People will not be persuaded to walk in areas that are boring and devoid of wildlife. The more people walking, the better the health of the countryside. We hear much about the need to restore wildlife habitats. What about restoring the habitat of that threatened creature, the country walker?

■ The author is editor of *Country Life*.

Continued from Page 1

their power to ratify treaties, such as the recent EU customs union with Turkey. Last year, the US and Israel joined EU governments to lobby MEPs to approve the customs union which was portrayed as an insurance against Islamic fundamentalism.

A combination of Turkish government-paid "study tours" for MEPs and old-fashioned arm-twisting overcame worries about Turkey's human rights record. The record participation - 828 out of 626 members voted - was heralded as a sign of maturity.

Piet Dankert, a former Dutch foreign affairs minister who returned as an MEP in 1994, predicts that the parliament's role will continue to evolve as EU governments take more decisions in Brussels.

"National parliaments cannot control what is going on at a European level, except maybe in inter-governmental

areas such as justice and immigration," he says. "But in areas of community responsibility, like the internal market, the European Parliament has a clear role to play."

Here is the crux of the argument. National parliaments mandate ministers to negotiate in the Council of Ministers; but the more decisions are taken by majority, the greater the need for a democratic counterweight at EU level.

The first step in this direction came with the 1986 Single European Act. This established majority voting in the council and gave MEPs the power of second reading of some important categories of draft legislation. The result was that the Strasbourg/Brussels assembly put nearly 2,000 amendments of Euro-law on national statute books. The Maastricht treaty

extended the parliament's powers still further.

A complex process known as co-decision gives MEPs the right to a third reading of legislation. Areas include the free movement of workers, the internal market, education, culture, public health, consumer protection, research and development, and environmental programmes.

As a result, MEPs have pushed amendments to strengthen quotas on the amount of US films and television sit-coms in Europe, and to restrict advertisements on television shopping channels.

Kenneth Collins, a former Labour councillor in Strathclyde, chairs the environment committee which covers advertising, media ownership, nuclear energy, pharmaceuticals and water industries.

How a Euro-law is made

1. European Commission issues proposal to Council of Ministers and parliament.
2. First reading by European Parliament. Opinion by simple majority.
3. Council of Ministers adopts common position with commission.
4. European Parliament second reading. MEPs must either approve, amend or reject position within three months.
5. Second reading by council which either accepts or rejects parliament amendments. If accepted, then the act is adopted.
6. In case of dispute, conciliation committee discusses text which then goes to third reading in council and parliament. If parliament rejects, then the act is judged not to be adopted.

"I arrived in 1979 and was told the parliament was just a talking shop. But now I have ministers and EU commissioners coming through my door," says Collins, "we are in the front-line of legislation. The parliament can locate; it is capable of inflicting serious damage."

Precisely, say critics. They argue that the parliament's

powers accentuate the negative. "MEPs delayed the trade and political agreement with Ukraine because they tied it to Russian behaviour in Chechnya, but what are their benchmarks?" says a commission official. "It's too often an emotional response."

Sometimes, as in the Bosnia conflict when MEPs called for the resignation of Lord Owen as EU mediator, the parliament can claim to be the conscience of the European public. On other occasions, MEPs are prone to stampe over pressure from animal rights supporters, green lobbies or human rights groups.

The parliament's unpredictability can pose problems for government and industry. Last year, MEPs used the ultimate sanction available under co-decision and rejected draft bio-

technology legislation years-in-the-making. The biotechnology vote was exceptional, but it was a taste of clashes to come.

The bloodiest battleground is the Ecu90bn (£66bn) annual budget. Delev Samland, a former advertising executive who chairs the parliament's budget committee, is leading the charge. Tall, bald and clad in trademark black, Samland relishes his role as chief villain. A Social Democrat, he has used tactics which critics argue amount to blackmail and are contrary to EU law.

Samland's favourite ruse is move funds from an agreed budgetary line to a "reserve" line, ostensibly to contingency spending. In fact, critics say, it is a calculated move to exercise leverage over the council in areas such as foreign policy where the parliament enjoys

consultative powers only.

Samland counters that disputes over funding EU foreign policy - whether it should come out of national budgets or the EU budget - have delayed urgent action in areas such as the former Yugoslavia, forcing him to step in. "The commission is not the problem," he says. "The council is the enemy."

Collins agrees: "You cannot interpret the European Union through the treaty. That is like interpreting the Church through the Bible."

As the IGC gets under way, Hansch is aware that too much muscle-flexing could trigger a backlash by member states - and national parliaments which feel sidelined in the Brussels power game.

But the struggle for power over the purse suggests that the parliament's bid for respectability is serious. Like an unruly teenager, it will not back down easily. It is here to stay.

سور من الامم

PERSPECTIVES

A cult for romantics of every nationality

A.E. Housman's poems strike a chord in the English psyche. Sir Julian Critchley explains why

A Shropshire lad must have mixed feelings about this year, the centenary of the publication of A.E. Housman's best known book of poems - although not perhaps his finest - *A Shropshire Lad*.

Alfred Housman, an austere figure, would no doubt be surprised at so much vulgar celebration of a slim book of verse that has been in print for 100 years.

He was once described by a don, whom he had undoubtedly offended, as being descended from a long line of maiden aunts. A solitary man, his life was a series of emotional and other misfortunes. Parties, even celebrations, one suspects, were not his first love. He loved fine wine, good food, and, more discreetly, gendoliers.

But no matter. The Housman Society will lunch this April in Ludlow, and march solemnly in procession to his grave. There will be readings from his poems on the BBC, and the life of a Cambridge classicist don will be universally celebrated - not least in Shropshire, his "land of lost content".

Housman was a Worcester lad, born in Bromsgrove in 1859, the son of an ineffectual solicitor and a formidable mother, who was to die young. The poet is buried in the churchyard of St Laurence's church in Ludlow. His grave is flanked by two cherry trees which, in April, should be in full bloom.

Housman would not have approved of municipal compliments, high teas and Ludlow's tatty annual May fair. Perhaps he does not deserve them since his work was small in volume and repetitive in theme; but no one can doubt its popularity.

There must be something deep in the English psyche that responds to the exquisite morbidity and rural nostalgia of his work.

Shropshire was, 100 years ago, a sparsely populated county on the borders of Wales, where the very old still wore the smock, and squire and parson administered justice in their own interest.

Shrewsbury, the county town, was still called "Salop". To the young Housman, looking out from his bedroom, the setting sun would have lit up the line of those "blue-remembered hills", the Cleve Hills.

But the late 19th century brought the arrival of the railway, which in its turn caused the most profound changes in rural life. The rural poor moved to the cities, Shropshire farm labourers to the Black Country where they made chains. But a transplanted population did not forget its rural



A.E. Housman (inset) would not have approved of municipal compliments, high teas and Ludlow's tatty annual May fair

roots, and turned with pleasure to the work of an exquisite if minor poet, who sang sadly of an older England, beautiful, rural and unspoilt.

Who then had heard of Clunton, Clunbury, Clunbury and Clun? The young Housman wrote *A Shropshire Lad* in a six-month burst of creative energy, an exile in London, while walking on Hampstead and Highgate Heath. Housman plucked the names, so evocative and appealing, from the gazetteer: Much Wenlock, Abdon Burf, Uricon, and the rivers Severn, Onny and Temes: it was only much later that he visited the places about which he had written so winningly.

Shropshire was *terra incognita*. His interest in it was not topographical but emotional. He was seduced by the gazetteer, for the county contains a multitude of pretty places with names as plausible yet elusive as Hughley, "where the clock tells the time to none", the four "Cluns", the quietest places under the sun, the Wrekin and the Cleve. By including them in his poems Housman put a largely unknown county on the map.

The cult of A.E. Housman and *A Shropshire Lad*, has taken hold of romantics of every nationality. Copies were

carried in the pockets of subalterns bound for Flanders, for his potent blend of nostalgia and patriotism. His bitter lyricism and profound pessimism caught the mood of the educated young, bound for the slaughter of the Great War.

Ludlow is the capital of Housman's "land of lost content", whither his doomed lads were always striding on May mornings, and the southern half of Shropshire, beyond the Severn, a somewhat uncomfortable Eden from which he had been excluded by the misfortunes of love.

A brilliant spring day in Ludlow cannot disguise the fact that Housman is an exquisite minor poet whose twin themes are death and love. Death because it is inevitable; love, because in his case at least, it was invariably unrequited. His lasses would lie down but never with the right lad. But such feelings of gloom should not be permitted to cast a shadow over his reputation.

Housman was a homosexual who never came out. The evidence is easy enough to read: an inadequate father, and a mother he adored. But what is interesting about him is not his sexuality but his conventionality. In Housman the qualities of the man were reversed

in the poet: he was, on one hand, cold, reserved, shrewd; on the other, dying an old man on a Cambridge staircase, emotional, sentient and vulnerable. His misfortunes are simply listed. The death of his clever mother before he was 12; circumcision at 14 (at the bidding of his father); an unrequited love affair with the athlete Moses Jackson, a fellow Oxford undergraduate, and his failure to take a degree.

What is more remarkable is his subsequent academic career. Such was his reputation that he was elected the Kennedy Professor of Latin at Cambridge in 1910 and was the leading classicist of his day.

Housman brings the clarity and brevity of his mastery of the Latin language to his poetry. His verse with its doomed lads, scarlet soldiers, "lads of the 53rd", burning beacons, quiet churchyards and pastoral countryside has an appeal that remains universal.

"Loveliest of trees, the cherry now" and "On Wenlock Edge the wood's in trouble", have entered the English consciousness. A dozen poems in *A Shropshire Lad* stand out, such as "Oh, when I was in love with you", but a careful reading of the less obvious can be rewarding. I particularly

like: "From far, from eve and morning and you twelve wined sky...", and "If truth in hearts that perish..."

Housman, emotionally stunted, and as conventional as a Baden Powell, saw in his mythical Shropshire a solvent for his perplexities, but was intelligent enough to comprehend the illusion of a total identification with nature. In the last verse of what I think is

his finest poem he wrote: "For nature, heartless, witless nature, will neither care nor know. What stranger's feet may find the meadow And tread there and go. Nor as amid the dews of morning. If they are mine or no." (*Last Poems*)

Housman may have been overtaken by Tom Eliot or W.H. Auden, or even by Louis MacNeice in the pantheon of modern English poetry, but he

has more than his immense popularity to commend him. Read this from his *More Poems*: "Stone, steel, dominions pass. Faith, too, no wonder. So leave alone the grass that I lie under."

"All knots that lovers tie are tied to sever. Here shall your sweetheart lie, Untrue for ever."

I fear that he will not be left alone this year, the centenary

of the publication of one of England's favourite books of poetry. The grass will be disturbed by the feet of pilgrims, among whom Enoch Powell, former politician and academic, must be one of the most venerable; if not a Cambridge contemporary, they had, I believe, rooms on the same staircase.

Julian Critchley is the Conservative MP for Aldershot.

Letter from France

Prescription for secrecy

François Mitterrand could not silence his doctor, writes Andrew Jack

During his lifetime, the influence of President François Mitterrand seemed almost omnipresent. After his death earlier this month, that legacy has been slow to fade.

Though his public profile was less apparent after the end of his second and final term last May, his private life has been under almost unprecedented scrutiny since he died. And the flurry of media activity, especially in the past three weeks, has raised important questions about freedom of speech and the invasion of privacy as well as the way in which the late president conducted himself.

Towards the end of his 14-year reign, he had created such disillusionment, even among his own supporters, that many on the left were surprised. Lionel Jospin managed to score so highly as the official socialist candidate in the election to succeed Mitterrand.

Yet when he died on January 8, the French press was all but universal in its praise, issuing vast supplements and generally restraining itself from offering too much by way of criticism. It took several days and the presence of a doctor to crack the hagiography.

The crack came when Claude Gubler, Mitterrand's physician from 1981 - the start of his first term - until 1994, released a book of his memories of the period, called *The Great Secret*. The secret was that the former

president was diagnosed as having cancer shortly after he was first elected.

This was years before he acknowledged it publicly and long before he ran for a second term, in 1988, as an apparently healthy man. Meanwhile, Gubler's name went out - with no mention of the ailment - on regular health bulletins published by the Elysée Palace. Such bulletins were instituted after the unexpected death from cancer of Georges Pompidou while in office in 1974.

Gubler's second important claim was that while Mitterrand was intellectually sound throughout his two terms, he had become so obsessed with his illness by late 1994 that he often went for days without conducting any business and was no longer fit to govern.

There is nothing new about kiss and tell books in France's spacious publishing world. Bernard Bruguère, an adviser to former prime minister Edouard Balladur during his presidential bid, was quick into print with a none too complimentary portrayal of him in the autumn. Jacques Attali, Mitterrand's right-hand man, brought out around the same time the third volume of *Verbatim*, his version of presidential indiscretions, many of which were far from favourable to the great man.

Fortunately for analysts, such books - often sloppily produced - have proved an invaluable and rapid source of

insight. Attali, for example, gave a memorable description of how Mitterrand viewed the secret of success in politics: "indifference".

Gubler's book has caused outrage among members of Mitterrand's family including, notably, his widow Danielle, his mistress Anne and his illegitimate daughter, Mazarine, united in public for the first time at his funeral at Jarnac.

They argued that the book represented an unjustified intrusion into his private life and pursued Pion, the publisher, in court. The result was to have it banned less than two days after it was released, so ensuring that the 40,000 print run all but sold out.

The same team sued Paris Match magazine for publishing photographs of Mitterrand on his death bed. This is the magazine which had suggested in 1981 that he had cancer and which published, in 1994, the first photographs acknowledging the existence of Mazarine - a gesture that many saw as the president's attempt to empty


the skeletons from his closet before others did so after he left office.

A furious debate has resulted. There has been disgust that Gubler should breach the bond of confidentiality between doctor and patient. But this has been matched by outrage at the apparent judicial disregard for freedom of speech on a matter which surely had ceased long ago to be a private matter for such an important public figure.

Pion has appealed against the ban on its book - but technology has overtaken events, in any case. On Tuesday, the contents were placed on the Internet (<http://www.leweb.fr/secret/>) and are now freely available around the world, including France.

Such a mess seems far removed from Mitterrand's calm ability to manipulate events discreetly. It was he, after all, who timed his demise to perfection, stopping his medication deliberately and being found at his desk in his office - like his rival, General de Gaulle. He even exacted revenge on Attali by excluding him from both his death bed and the burial service for close family and friends.

Patrick Mahé, an editor of Paris Match, expresses indignation at the turn of events. "If he were still alive, I do not think the president would have responded in this way." It seems the late president's grip is beginning to loosen after all.

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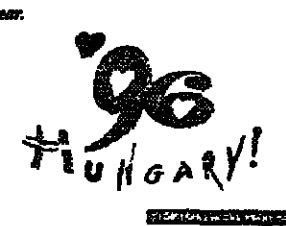
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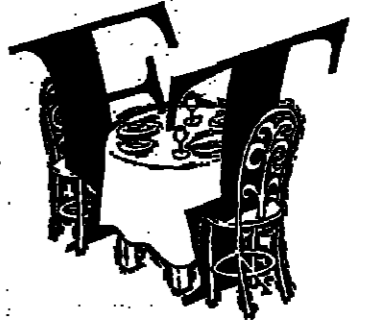


FOOD AND DRINK

Fun on both sides of the swing door

Lunch for a Fiver

Nicholas Lander gives the reaction to the FT lunch promotion - and prepares to read your comments



by the Sheridan Ensemble, followed by programmes of piano, clarinet and cello. Tickets cost £33.50 including three course dinner and champagne reception.

Lunch for a Fiver (£7.50 and £10) has come to an end all too soon. Now our attention turns to reading the thousands of questionnaires you have kindly filled in, and calculating the winning restaurants in each price category.

I am sure it will be as close as last year, when fractions of decimal points separated the winners from the runners up.

But what we can be sure of is that it has been very well received on both sides of the swing door, often resulting in daily waiting lists for cancellations. Nicholas Ruthven-Stuart of the Old Chestnut Rectory, Winchester, said his phone was so busy with bookings that it even impressed an AA restaurant inspector lunching that day.

For restaurants in city centres, it has lifted bookings from the miserable 30-40 per cent level usually associated with January, to 90-100 per cent.

People are spending more, too. Although many still reported that some were still asking for "a jug of tap water, please", wine lists seem to have been enjoyed more fully this year.

Tim Hart of Hambleton Hall,

Leicestershire, one of eight participating Michelin starred restaurants (and congratulations to Fleur de Sel, Haslemere, Surrey, and Pool Court, Leeds, which each won their first Michelin stars this week) was delighted with business.

He said: "We have served an extra 30 customers a day and the response has been so enthusiastic that no sooner had we decided to extend it for a third week than that

was fully booked, too."

In London, the Brasserie at Café Royal, W1; the Jazz Bar at La Truffe Noir, SE1; Fulham Road, SW3; Dan's, SW3; and Pomegranates, SW1, are all continuing their FT prices during February.

The most heartening news, however, came from Bernadette Perraud at Fleur de Sel. "This is our first year in the FT promotion," she commented, "and we didn't know

quite what to expect. It's not just that business has been fantastic for the fortnight but it's made an awful lot of people much less afraid of coming in and trying our food."

One couple came for lunch the first week, again the second week and have now booked for dinner next Saturday. You can definitely count on us for the 1997 FT lunch promotion."

After mobile phones, piped

music is one of the biggest causes of complaint in restaurants. The Heights, atop St Georges Hotel, Langham Place, London W1 (tel: 0171-636 1969), is in luck with the nearby Royal Academy of Music to provide live music and a less intimidating forum for promising young musicians.

It will be launched in the week beginning February 12, with the performance of two flute quartets

Cookery

The rain in Spain whets the appetite for fish

Philippa Davenport is dazzled by the quality and variety of produce on offer

This January, after seven years of drought, southern Spain is awash with rain. Last autumn even the vines seemed under sentence of death. Now the landscape is leprechaun green and the waves crashing ashore at Cadiz are sullen and grey.

In Britain and Ireland, this is a shivering, snivelling season for staying indoors. In Andalusia, the temperature is mild. Even at 10pm the pavement tables outside the tapas bars are crowded between cloudbursts.

The fish markets in Spain were not on top form by local standards immediately after the celebratory Epiphany weekend, but to an outsider the quality of the fish on offer and the variety were dazzling. Many of the fish were so freshly caught that rigor mortis had not worn off so that they could not be laid flat in neat rows; the smell was as briny and breezy as the sea itself, not fishy odorous.

Barcelona's fish market is decorously run by matrons, likened by Arabella Boxer in her *Mediterranean Cookbook* (Penguin) to stalwarts of the Women's Institute running a sale in aid of the Red Cross: twin-setted and pearlled, immaculately coiffed, their painted nails protected by surgical gloves.

The fish market at Laredo, not far from Santander on the Cantabrian coast, is similarly "womanned" by fishwives of distinction. The old town here is very pretty indeed with steep narrow streets and the market building is decoratively tiled.

I arrived, alas, as the market was closing for lunch. Only one fishwife

remained, completing the toilets of her stall before going home to eat. To keep the fish cool and fresh for the afternoon session, she draped her counter, as her colleagues had already done theirs, with plastic sheets, over which she scattered crushed ice dug from a large wheelbarrow with what looked like a hefty roadmender's shovel. Would that British shopkeepers exercised such respectful care for their merchandises.

The fish market in Cadiz, by contrast, is firmly male territory, and these fishmongers give the impression that they could be butchers; they sharpen their knives whenever there is a hull in trade.

Solidly meaty swordfish and tuna are much in evidence in Cadiz market, and most stalls boast raised carving blocks - little altar-like wooden stools that are positioned at high quality fish for sale but also of skill in preparing it for the kitchen.

Alongside the fish market at Cadiz is a fruit and vegetable hall, quieter in tone, far less theatrical but gastronomically inspiring all the same. In it I saw not only such items as cardoons, turnip tops and chard, all too rarely seen in the UK outside private gardens, but the



first of the new season's broad beans, wild asparagus and globe artichokes, tender proof of the mild temperatures enjoyed round Malaga, whence they came. Fruit stalls brimmed with sweet and mandarin oranges - but not a single bitter Seville.

After touring the market in the company of Fernando Cordoba, I was invited to join the young chef and his team back in the kitchens of his acclaimed restaurant El Faro at El Puerto de Santa Maria (tel 870693).

On route we picked a few Sevilles from the tree-lined streets. "We don't use the fruit much," he explained, "except in a traditional broth cum fish stew that is finished with a generous splash of its aromatic juice." I watched him make

this dish, partook of it greedily and found it so good that I have taken the liberty of anglicising it for use at home.

Whereas his version used hake, arguably Spain's favourite fish, good fresh cod may be easier to find in the UK. Just a small thick piece of fillet is needed per person, well seasoned with salt and pepper ahead of cooking.

Instead of potatoes, onions, green peppers and tomatoes, I suggest a few obliquely cut carrots and leeks plus small chunks of peeled potato. Turn the vegetables in a little olive oil warmed with a sliver of garlic crushed with sea salt plus a good pinch each of celery salt, ground coriander and fennel seeds. Pour on water or fish stock to cover and boil for 10 minutes or until the vegeta-

bles are almost ready and the broth is reduced.

Sprinkle on some parsley and lay the fish on the vegetables. Cover tightly and steam-poach briefly until done. Finally, stir into the broth the juice of enough Sevilles to enliven it considerably, and season to taste.

To please my English love of Seville oranges, Cordoba then created specially for me a deliciously pretty ceviche of scallops and prawns, using equal quantities of each shellfish, chopped and marinated for just 15 minutes in bitter orange juice. The well drained shellfish was then seasoned, mixed with a smidgen of minced onion, capers and parsley, tamped into ring moulds and arranged on individual plates.

The liquor drained from the fish was boiled with sieved tomatoes, olive oil and a splash of fino sherry until reduced to an exquisitely delicate sauce, chilled and spooned round the ceviche for serving.

The highlight of a meal at the restaurant of the hotel Los Seises in Seville was salted tuna sliced water thin, folled by the sweetness of beautifully chargrilled aubergines, courgettes and, most notably, Belgian chicory, finished with a drizzle of olive oil and a smattering of diced raw tomato.

At L'Escala on the gulf of Leon in Catalonia (famed for its anchovies), Dolores Pavia treated me to anchovies in various guises, clams of various sorts, creamed sea urchins served in their hedgehog-shells on a bed of sea salt, turbot and sea bass.

In Laredo at the Restaurante el Marinero (tel 696008) squid with sweetbread and caramelised onions proved an unexpectedly delectable marriage of surf and turf. Also noteworthy were stuffed pimientos del piquillo, a popular dish in the new Basque repertoire: plump little red peppers stuffed with monkfish, hake and squid, capped with a black sauce to create the illusion of small stuffed squid sauced with their own ink.

On the same menu were dishes lacking any galle or elaboration including Little Gem lettuce cut in half, laid on a dish with roasted red peppers and meaty anchovy fillets, the whole lot simply drizzled with olive oil. The contrast of crisp and fresh, sweet and juicy, dense and salty was wonderful.

Restaurateurs meet their Waterloo

Nicholas Lander on what's cooking around the station

We began with a glass of fino sherry and a dish of toasted almonds. We continued lunch, 50 yards to the left, with grilled cuttlefish and octopus in an oriental vinaigrette, cured sea-bass and oven roasted red mullet with a squid sauce. Dessert, taken over the road, was a frangipane tart and a strong espresso.

This excellent lunch could have taken place in Paris, Madrid or Barcelona but would certainly have cost twice the £30 per head we paid. Instead, we were in London's SE1, within

the shadows of Waterloo station, an area fast emerging as the capital's most exciting new restaurant district.

This is long overdue. The area, beginning at Waterloo and running along the south bank of the river Thames to Blackfriars Bridge, and parallel streets, has all the necessary ingredients for a thriving restaurant sector.

Waterloo, Britain's busiest station, brings in 400,000 commuters a day, plus the 7,000 travellers a day using the Eurostar cross-Channel trains. There are the concert halls of the South Bank Centre,

Europe's biggest arts centre, the National Theatre, the Old and Young Vic theatres among the many attractions.

Nigel Wilkinson, proprietor of RSJ (0171-928 4554), and Liz Philip of the Archduke (0171-928 9370), are among the area's longest serving restaurateurs. Wilkinson said the area may have been held back simply because of a lack of competition. "We've been here since 1980 and there's never fortunately been a shortage of business," he said. "We were worried when a big restaurant like The People's Palace opened a year ago but in fact since then we've all prospered. I hope this continues when Harvey Nichols opens in the Oxo building later this year."

One of the area's major attractions is inexpensive property. One restaurateur, Trevor Gulliver, opened the Waterloo Fire Station restaurant (0171-401 3287) in July 1993 on the site of the former fire station. "The whole area was a wasteland but there was no shortage of customers," he said.

Seven months later Gulliver sold the Fire Station - and 50 advantageous was his lease that he had not paid a day's rent - to Regent Inns. Grosvenor Inns then opened the bustling Bar Central 200 yards away in April 1994.

Wilkinson also believes moderate pricing is a reason for success and this tradition is continued at Livehait (0171-928 7211), one of London's most



Chef Theodore Kyriakou, right, with front of house partner Katrin Otendler

exciting new restaurants.

Until August, No.43, The Cut was The Akropolis, an anonymous Greek restaurant. Before that, three partners had been negotiating for 30 months to secure the lease. They then spent a modest £30,000 on the interior and equipping the open-plan kitchen which the partners handled themselves with the help of an engineer.

The resulting restaurant is simple and uncluttered. There are 10 tables for four and three tables of two. The walls are tiled in green and white Paris metro tiles and adorned simply with mirrors. It is more fun to sit facing the bustling, stainless steel kitchen than look out through the window at a dismal slice of inner-city life.

"Our aim," explained chef Theodore Kyriakou, "is to be an uncomplicated English seafood restaurant. We don't buy any trawler-caught fish and 80

per cent of it comes directly from the fishermen. I speak to our contacts every morning at 8am to find out what there is and they buy for us at the fish auctions. A courier delivers the fish to the restaurant that afternoon. We also have a supplier of kingfish in Trinidad, which is air-freighted into Heathrow once a week."

Livebait is, however, a risky business because it depends on what fishermen catch. This risk is accentuated because Kyriakou refuses to follow what would be a guaranteed route to financial success and serve fish and chips. As a chip lover, I tried to order a portion but was politely refused by the waitress who said chips were only served with one particular dish. It must be a sign of the rapidly changing times in Waterloo today that chips with everything is not the only recipe for success.

Claret / Edmund Penning-Rowse

A taste for Pomerol

The Vieux Château Certan in Pomerol dates from the 17th century, and in the 19th century it enjoyed a good demand for its wines in France. In the UK, as with nearly all Pomerols, it was not popular until after the second world war.

In 1924 it was bought by Georges Thiébaud, a member of a Belgian wine merchant family from near Ghent. Later, the family also bought a property in Margaux and another in the Côte des Francs, as well as the now celebrated Le Pin, close to Vieux Ch. Certan.

Vieux Ch. Certan is on the central plateau of the district, adjacent to Pétrus. It consists of 135 hectares: 60 per cent planted with Merlot grapes, 30 per cent Cabernet-Franc, 10 per cent Cabernet-Sauvignon, and a little Malbec sometimes used in the grand vin.

There is, fortunately perhaps, no classification for Pomerols, but Vieux Ch. Certan ranks with La Conseillante, L'Evangile and Trotaoy, although others might, no doubt, claim parity.

A vertical tasting of 18 vintages was recently held in London. The order was not the usual historic one, but was arranged by the chateau. Also unusual was that although all the wines were chateau-bottled (except the two youngest), all had been found in British or Belgian merchants' cellars. The recorded yields per vintage are generally low.

1994: A Merlot year, with a yield of 38 hectolitres per hectare: sweet, good balance.

1993: A more classic year,

with for the first time 50 per cent Cabernet-Franc and 50 per cent Merlot. Yield: 37hl/ha. Fresh fruit, a wine to keep.

1992: A Cabernet-Sauvignon year, with 50 per cent Merlot, 34 per cent Cabernet-Franc, 20 per cent Cabernet-Sauvignon and 5 per cent Malbec. Yield: 37hl/ha, 50 per cent pruned in summer vendange verte. Deep colour, big bouquet, rich, concentrated flavour. Should turn out very well.

1991: A tiny crop, two-thirds of normal, owing to coulure (failure of flowers to set fruit). Less than 30hl/ha. Best Pomerol nose, brownish. Past its best but still very drinkable.

1990: The results of this vintage largely depended on the date of picking. The Right Bank picked before the rain but many Médoc and Graves picked during it and produced hard wines. A highly successful Pomerol, lovely nose, classic balance, long and concentrated flavour: A big crop - 43hl/ha. Close to 1981 in quality.

1989: Crop reduced by a third owing to spring frost. Yield: 27hl/ha. Brownish tinge, flavour rich, concentrated. Perhaps 1994 slightly better. Although 1991 is generally unrivalled everywhere in Bordeaux, this was not the case in this tasting, so perhaps it was not the best of bottles.

1988: Good colour for its age, more body than 1981. Another hot summer. Yield 40hl/ha.

1987: A great year for Pomerol and St Emilion. Large crop, a classic wine still in excellent condition.

1986: A light year, elegant

and fine, drinking well now. Yield: 38hl/ha.

1948: Big colour, intense nose, some acidity (common in 1948), also tannic and strong. Another taster said "Rich Christmas pudding fruit".

1928: A vintage which took a long time to come round. Very rich and fresh, has kept remarkably well.

1926: The year of the Poincaré franc (so-called after the French premier) which revalued the currency. Perhaps the most expensive claret ever in real terms when first put on the market in 1928. Extraordinary concentration, fuller and bigger than 1929, but less fine, and somewhat austere.

The following wines were tasted over lunch (all in magnum):

1929: Oxidised and evidence of rot in an unlagged bottle.

1976: A vintage picked early after three indifferent years. Good colour, easy to drink but not very well balanced. Some acidity.

1993: Remarkable Cabernet-Franc and Merlot, the latter dominant; preferable here to 1981. Full body, well rounded, fine bouquet.

1955: Good colour, not very distinctive flavour; light, fair nose.

1947: Old flavour but complete. A famous vintage in Pomerol and mostly superior to Médoc and Graves. Worth drinking for the experience.

1949: Picked by women, owing to the men being in the army - the best wartime vintage. A small crop at Vieux Ch. Certan, an old wine but surprisingly rich yet soft.

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FASHION / HOW TO SPEND IT

The florist who wants to take on the world

Jim McCann tells Lucia van der Post how selling flowers by freephone to the American consumer is helping him on the way to achieving his global ambitions



Fields of Europe - white lilies, caspia, statice and monte casino in a juniper-tinted vase, \$29.99



Jim McCann (above) sells more flowers in the US than anyone else. He is on track to become the biggest flowerseller in the world - and that includes the UK. He intends to make 1-800-Flowers an international brand name.

In a world accustomed to the mega businesses of software kings, flowers are a strangely old-fashioned product on which to build a multinational company. As Jim McCann puts it: "To an age-old business we are adding the best of what technology and consumer trends can offer. We're trying to weld them together to form a new-age florist."

McCann was once a social worker, running a home for deprived teenage boys. He had a young family and could not see how his salary could allow them to live in much style. He thought that flowers was a good business to be in and he bought a small florist's in Manhattan. For 10 years he carried on with his social work and ran the flower business on the side, by which time his was the fifth largest chain in the US with 14 shops.

The big breakthrough came when a company in Dallas called 1-800-Flowers which had sold Jim McCann's flowers through the toll-free telephone system, went bust in 1985. He bought it. "The great thing about the 800 boom [the system by which customers call services free of charge] was that it immediately gave us a way of expanding without having to open more shops."

"We decided to do for flowers

what L.L. Bean and Lands' End did for clothes - give better service than department stores and other shops by offering absolute guarantees on quality, an immediate answer on stock and very polite service."

"Many of our competitors laughed; they told us that people didn't want service 24-hours-a-day 365 days a year. Nor guarantees that flowers would last for at least a week and that they could be returned, no questions asked, if customers didn't like the arrangement. Now they're scurrying to keep up with us."

"Of course, sophisticated electronic technology has changed everything. We own about 130 shops in the US but through the Internet our customers have access to another 2,000, all of which are hand-picked for inclusion in our network."

"Selling through the Internet has also brought about a huge cultural change - it means we're in the entertainment (or infotainment) business as well, so we have to keep on offering new ideas. This is why we worked with the late astrologer Patrick Walker to do Zodiac Flowers - each month customers can buy a collection of flowers built round the star sign of the month. At Christmas we offer special decorative ideas - wreaths, dressed trees, scented pine cones, the lot."

McCann hires decorators, designers, creative experts, and has even done a deal with that legendary American queen of the domestic arts, Martha Stewart.

His arrangements are poised somewhere between what you might call the *haute fleur* world of the high-society florists - such as Robert Isabell who does the flowers for parties in the rarified world of Manhattan society - and a standard telephone flower service. For a spend of between \$30 (£19.40) and \$50 (£32.40), the customer gets a lot of choice (all white, say, or nothing but tulips).

Says McCann, 45: "If anything goes wrong we accept total responsibility. Getting new customers is a very expensive business - it is much



Rather more expensive - 40 multi-coloured tulips and curly willow arranged in a vase for about \$100

cheaper to look after the ones you've got. If there is the smallest complaint we either send another bunch free or give the money back."

McCann's business has made the sending of flowers so easy that companies use it for company gifts. Increasing numbers of private customers use it for birthdays, Christmas and anniversaries.

The American customer is obviously well-served but what does this mean to the British reader? Well, if you would like to send flowers to anyone in the US, it can be done easily. Dialling 0500-59-0011 (toll-free) gives access to the toll-free numbers - you then dial 1-800-Flowers (ie 1-800-356-8377).

For about \$35 (£22.70) you would get a much larger, better bunch than you get for the same money in Britain.

As yet 1-800-Flowers has not opened in the UK, but Jim McCann is talking to the entrepreneurial Richard Branson and to British florists interested in some kind of partnership.



Where have all the Prada bags gone? Toting nappies, some of them, says Tina Gaudoin

When Time magazine carries an editorial heralding Miuccia Prada's nylon backpacks and totes as the 1990s equivalent of Louis Vuitton initials, the fashion gestic knows it is time to move on.

Certainly Prada does not deserve the dubious accolade, which relegates her to latter-day Pierre Cardin status in fashion's league table. In reality her classic pared-down shift dresses, body-skimming coats and waisted jackets are likely to be design benchmarks of the mid 1990s.

The problem with Prada, as the fashion luvvies see it, is neatly summed up by one New York PR and former Pradaophile "when women from the mid-West come to New York clamouring for a Prada bag, you just know you should leave yours at home".

So how will that restless band of opinion formers and style dictators which consists almost solely of women and men linked directly or indirectly to the world's glossiest magazines (models, editors, stylists, writers, photographers, hair and make-up artists) decide on the next perfect receptacle for their Psions and lipsticks?

As the fashion world sees it there are three ways to go, post-Prada. The first and most costly is the return to the classic Hermès Kelly bag. At £2,000 each you may not be surprised to know that this is the chosen route of the Supermodels, most of whom feel undressed without an oversized version hanging reassuringly against their protruding pelvic bones.

Lesser fashion mortals who do not merit a Supermodel discount (or a freebie in return for modelling the Hermès collection) will choose between scouring antique shops for unusual relics (time-consuming and these days rarely fruitful) or they will simply buy Kate Spade.

Spade is to the American fashion glitterati what Prada is to mainstream American and European consumers. The 32-year-old former accessories editor at Mademoiselle magazine was pushed into starting her own business three years ago by her husband, a creative director at one of New York's top advertising agencies. The now-bankrupt Barney's department store snapped up her first collection, closely followed by Saks Fifth Avenue, Bergdorf Goodman and Neiman Marcus.

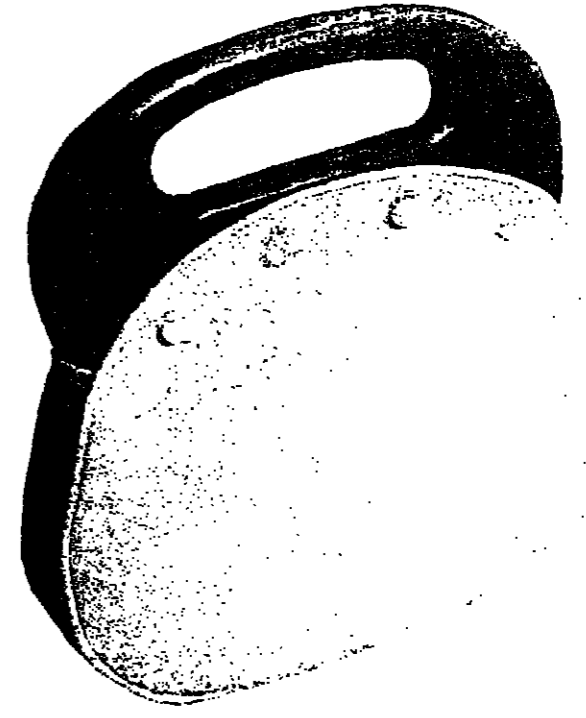
Not only does Spade now sell nationally, she can also be found in Japan ("the Japanese were very quick to pick up on me"), in Italy and in London at Harvey Nichols.

Harvey Nichols accessories buyer Carol Lister says the Kate Spade handbag has immense appeal. "They're incredibly classic, beautifully finished and extremely practical - and that's before we even begin to discuss the price." (Spade's bags start at around £28, Prada's at around £200.)

In some ways Spade's understated classic designs and her use of nylon do smack of early Prada. "My bags are compared with them, but much of my stuff is very different," she says confidently. She's right on both counts.

Spade's genius lies not only in her recognition that the market needed classically shaped handbags in unexpected colours and fabrics (she uses everything from satin through patent to waxed cotton), but also in her acknowledgement that "most bags go out of fashion - I wanted to make something that was affordable and not so trendy that it wouldn't last".

Consequently, Spade's most daring design is her half-moon bowling bag in chic black patent, while her best seller is her medium-sized black tote in,



Spade's ace is in the bag



Kate Spade handbags are so new to the British public that Harvey Nichols is the only stockist at the moment. Her range typically includes satin finish nylon as shown in the collection photographed top, wooden-handled linen for summer (centre), and satin pouches (above). Prices range from £28 to £175

of course, black satin finished nylon.

That Spade is much more affordable than Prada is probably of little relevance to the fashion crowd who all receive significant Prada discounts. It is her relatively unknown status that makes Spade desirable.

To the lay person, that PVC shopper with the tiny black and white label fixed unobtrusively to the side might be just any old bag, but to the insider who can spot a "Kate" at 40 paces, it's all you need to affirm your street cred.

Spade acknowledges a debt to Miuccia Prada. "She really brought handbags back to the fore; they had been ignored as an accessory for so long."

But with her New York production line stretched to the limit, should Spade not be worried about falling into the overkill trap? "The trick," she says, "is to go slowly and just keep making simple, classic, affordable shapes".

The dilemma for the fashion crowd now that the death knell has tolled for the Prada bag, is what to do with the thousands of pounds worth of redundant nylon hanging dejectedly on the back of countless wardrobe doors?

The Brits, long famed for their ingenuity where fashion is concerned, have gone at least some of the way towards finding an answer.

The style director of one of Britain's leading glossies uses her Prada bag as a prop kit (needles, thread and duck tape). At least two other serious fashion types have been spotted around town toting baby bottles, bibs and Pampers in their juice-stained Prada backpacks.

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SPORT

Tennis / John Barrett

Seles puts courage on display

This afternoon at Flinders Park, Melbourne, the remarkable Yugoslav-born American, Monica Seles, will try to extend her unbroken winning run on Australian soil to 33 matches. The champion here in 1991, '92 and '93, Seles amassed 21 wins in those years.

Two weeks ago she added a further four in Sydney where she competed to gain match play because injuries had forced her to miss the season-ending Coral WTA Tour Championships last November. Six wins here at the 1996 Ford Australian Open have extended the run to 31.

Her opponent in today's final, worth A\$510,000 to the winner, will be Germany's 21-year-old No.8 seed, Anke Huber, who in the second of Thursday's semi-finals met Amanda Coetzer, the diminutive South African, for the first time and beat her 4-6, 6-4, 6-2.

Yet we might have had an entirely different conclusion to these 64th Australian Championships if the 19-year-old American Chanda Rubin, facing Seles for the first time in the earlier semi-final, had believed in herself when she served for the match at 5-3, 30-15 in the deciding set.

On the brink of entering a Grand Slam final for the first time, the young American had gambled on a huge second serve which just missed the line. "I had done it a couple of times before and had come out on the winning end of the point. I knew that if I didn't go for my second she would take charge," said Rubin.

Take charge she did. Seles broke back and romped through the last three games for the loss of two points, one a double fault.

That is the sort of mental pressure Seles exerts on opponents. In reaching the semi-finals without losing a set, the former champion had lost only 17 games. Yet Julie Halard-Decugis of France had shown how she might be beaten when she pushed the former champion to 7-5 in the first set of their third round match by going for her shots and matching Seles's pace from the baseline.

Perhaps she had watched the Sydney final in which Seles had been taken to the brink by the hard-hitting American, Lindsay Davenport. At 6ft 2in the 19-year-old is one of the tallest players on the Tour and enjoys playing opponents such as Seles who hit firmly from the baseline.

It was fascinating to see how Seles had dealt with the match points she faced that day. Racing wide to her left she had unleashed a raking forehand that sped low across the net and clipped the line. That one shot had virtually sealed Davenport's fate. The young American had done everything right and yet had been denied victory.

It was the same last Thursday. Thriving on the former champion's pace, Rubin had won the opening set on a tie-break before reacting to a doubtful call early in the second set which she lost 6-1. With Rubin ahead 1-0 in the decider, rain forced the players to leave the court while the roof was closed.

Who would this favour? Seles had been having problems with her service toss from the sunny southern end but had mastered the blustery wind rather better than Rubin. Furthermore she had created a winning momentum during the rapid second set in which Rubin's confidence had been dented. The interruption gave Rubin the chance to confer with her coach, Marcel Freeman, who would doubtless encourage her to go for her shots again.

Go for them she did when they returned after a 30-minute gap to build a 4-1 lead that might have become 5-1 if she had converted either of the points she held to break the Seles serve. But the former champion is always at her most resolute in times of adversity. "I try to play every point like it is the most important point and never give up...that's all I know how to do," she said. It was that attitude that saved her.

Considering that Seles is playing in only her fourth tournament since rejoining the tour last August following her 28-month absence resulting from the stabbing in Hamburg in April 1993, the 22-year-old left-hander is playing with remarkable assurance.

But so is Huber. The manner of her progress to a first Grand Slam final has been most impressive. Until she faced the world No.2, Conchita Martinez,

Anke Huber's confidence is the result of a match played against Graf last year

in the quarter-finals she had not dropped a set. Having come to terms with the awkward Spanish spins she raced through the deciding set 6-1.

It was the same against Coetzer in the semi-finals. For one set the speedy South African ran all her best shots down and allowed Huber to commit errors as she pressed too early for her winners. But once the German had learned when to take risks the issue was never in doubt.

Huber's new-found confidence is the result of a wonderful match she played at the end of 1995 when she pushed Steffi Graf to five sets in the final of the same Coral WTA Championships that Seles was forced to miss. That experience had convinced Huber that she can live with the best. But will she retain that confidence against a player who has beaten her six times in a row and never allowed her a set?

Yet Huber knows she has nothing to lose and she noticed, like we all did, that Seles was not covering the court as she once did and was not serving as powerfully against Rubin as she had been in earlier matches.

However, my guess is that Seles will rise to the occasion. She has the timing of the stab that I believed that Seles was on the way to becoming the greatest player the game had ever seen. Although not yet in the form that won her the title here in 1993 against an in-form Graf - perhaps the finest women's tennis match I have seen - Seles has lost none of her courage or intensity. That is why she should retain her unbeaten record on Australian soil.



Sporting Profile

Soccer chief with a gift for translation

Huw Richards meets John Toshack, the coach from Cardiff who has had spectacular success in Spain

The accent is still pure Cardiff, but impressions are deceptive. Some 25 years after leaving his native city, John Toshack is arguably as cosmopolitan a figure as the introverted world of British soccer has produced. The distinctive sound of Cardiff vowels (say *Katrdiff*) can be heard even in his crisp, deliberate Spanish as he explains his tactics as coach of Deportivo La Coruna to a post-match press conference. It is probably there when he speaks Portuguese, French or even Basque, the four most tongues he encountered during two spells during a decade running Real Sociedad of San Sebastian. But, in a trade infamous for mangling its native languages, a man who has no difficulty making himself understood in several others stands out.

He made his name as a player with Cardiff City and Liverpool, then as a manager in a spectacularly successful spell with Swansea City. But for the last 12 seasons Toshack, 46, has been "a coach from over here, who is doing rather well over there". Sporting Lisbon and perennial Spanish champions Real Madrid complete his list of clubs. Any additions are likely to be continental: "I'd never say never, but I don't see myself managing again in Britain. I know much more about the European scene than I do about Britain now."

But if he is short on detail, he has a clear view of the outlines of the British game and the angst-inducing club politics against continental opposition which target it for England and Scotland's chances in this summer's European championships.

He says: "Britain is still cocooned happily in its own world, tactically well behind. Thirteen years after I introduced my system with Swansea, no British team has played it as well as they did. If you want an indictment that's it."

Wales accounts for extremes in the mixed record of British players and coaches who leave the cocoon. No one did better than the 1950s giant John Charles, a folk-hero in Italy with Juventus. But Liverpool's Ian Rush was famously credited with saying that Italy was "like a foreign country".

And that is probably the point. The best equipped are those who enjoy, rather than fear differences. Toshack's indifference to British football arguably underpins his Spanish success. He recalls Howard Kendall, now at Sheffield United, who briefly managed Athletic Bilbao. "Howard didn't learn the language, watched the English game on television on Saturday afternoon and wanted to talk about what was going on at home. I don't think it helped him adjust."

Of course it depends where you think home is. Toshack has a home near Swansea. But the other, near San

Sebastian, appears to be where the heart is: "It is somewhere I can relax. I enjoy the lifestyle and I like being so close to France. Nothing greater has happened to me in football than being accepted by the Basque people, and then accepted again when I returned after leaving them for Real Madrid and they had called me a traitor for going."

"Taking the Cup round villages near San Sebastian and seeing how much football and my club meant in people's lives was a remarkable experience." It takes a lot to induce such evident emotion in Toshack, a coolly self-sufficient man of unshakable self-belief.

You have to be very sure of yourself in the prosaically conformist world of the footballer not only to publish a book of poetry but also give it a title so openly a hostage to fortune as *Gosh It's Tosh*.

In his first weeks in Spain, with his family back in Wales

'Nothing greater has happened to me in football than being accepted by the Basque people'

and the language as yet unlearned, his appointment was deemed by Javier Clemente, now national coach, in terms showing that introversion is not exclusively British.

Toshack disregards the advice that you should choose your predecessor carefully. At both Real Sociedad and Depor he took over from local legends who had brought unprecedented success to second-rank clubs.

At Real Madrid, Leo Benhakker had won three consecutive championships. Even at Swansea his predecessor, Harry Griffiths, was a 24-carat hero.

If self-belief is a key factor in surmounting these difficulties, it is founded on a formidable record as a tactician. What Spanish papers invariably label *sistema* Toshack was initially built at Swansea around Ante Rajkovic, the magnificent Yugoslav libero - fast and adaptable wing-backs and tenacity up front.

He says: "I've always believed in it. When I first went to Real Madrid I was told it was mad to play Ego Sanchez up front by himself. We had a couple of goalless draws and I took a real hammering in the press. We scored 107 goals, a record, that season, and Sanchez got 38 of them."

The two spells at Real Sociedad, who rely exclusively on local players, honed his tactical skills: "You get years

when three good local players come through, but they're all right-aided midfielders. That's a real challenge to a manager." And, one might think, ideal preparation for running a national team.

His six-week one-match reign as manager of Wales still clearly rankles and he will not be drawn: "I've nothing at all to say about that."

Depor present a fresh, but not unfamiliar, challenge. The last three seasons have brought the previously undistinguished Galician club unprecedented success - missing the championship by a missed last-day last-minute penalty in 1994 and taking the Cup last year. Posters in almost every bar and shop proclaim intense local pride, and expectation.

His appointment to follow Arsenal Iglesias, the idiosyncratic veteran who this week took charge at Real Madrid, and the perceived weakness of the perennial Real-Barcelona duopoly prompted many to tip Depor for the title. A spectacular pre-season, beating Real twice and Bayern Munich 7-1, reinforced these hopes.

Toshack had few illusions: "I know how difficult it is for a provincial club to break through. Since I've been here only Real and Barca have been champions."

Observers saw an experienced squad, rich in achievement. Toshack was less impressed: "It's a castle in the air - a squad with an average age of 29 and nobody under 25. I can't think of another team like it in Europe."

The consistent thread, along with the *sistema*, has been a belief in giving young players their chance: "Jimmy Scouler gave me my break with Cardiff City at 16. Experience is all very well, so long as you're getting the best of it, but you have to have the youngsters coming through."

He is no believer in sheltering them from pressure, either. In 1983 he threw 17-year-old sweeper Dudley Lewis into Swansea's faltering Second Division promotion campaign, and saw the move come off.

This season he chose the later stages of a faltering home display against struggling Valladolid to blood teenagers David and Aldinain. Two late Bebetos goals provided a deceptively decisive scoreline.

There are signs of revival after a poor league start and unfavourable mutterings from press and public. Still in the Cup Winners Cup, they play holders Zaragoza in the quarter-finals: "I won the British competitions and the other European cups with Liverpool. I've won the three Spanish trophies with three different clubs. The Cup Winners Cup is the one I haven't got," he says as if contemplating unfinished business.

You would not bet against him.

American Football

Cowboys vs Steelers

From the home of the Redskins, Jurek Martin sizes up this weekend's Super Bowl teams

but twice this season when the good guys in the burgundy and gold, the bunch of mediocrities who were to win only six games all season, actually defeated the poppycocks in silver who dare to call themselves "America's team".

Still, whatever the noble heart might feel, the head must say something different about tomorrow's 30th Super Bowl between Dallas and the Pittsburgh Steelers. The odds-makers pick the Cowboys by nearly two touchdowns, and the pundits are just hoping that the day does not bring yet another in a longish line of routs for the American Football Conference, represented this time by Pittsburgh.

They have met before in a Super Bowl, in 1979, and the Steelers - then at the end of a great decade that brought

them four championships - emerged victorious by 35-31. They are on the rise again now under a fine coach, Bill Cowher, who has directed them into the play-offs four times in a row.

But they are the underdogs tomorrow because Dallas appear to have the distinct advantage in all the "skill" positions - quarterback, running back and wide receiver - as well as the benefit of a monstrous offensive line (21 stone-plus per man, even without the padding) whose duty it is to make life more comfortable for the star performers.

Consider some of the matchups. Troy Aikman of Dallas is an ice-cool quarterback, proven in the art of finding ways to win games and likely to complete two-thirds of his passes on any given Sunday. Neil

O'Donnell of Pittsburgh is no slouch now that he has become a better long-distance passer, but he has nothing like Aikman's touch and experience. Nor will he enjoy the same protection from his offensive line.

Emmitt Smith of the Cowboys is simply the best running back in the universe. Dallas, it seems, only lose when he is out injured, or with a contractual dispute, or on the one day a year he fails to gain his customary 100 yards a game (it was 150 in the semi-final victory over Green Bay). The Pittsburgh runners are led by Eric Degram and Bam Morris.

Michael Irvin, wide receiver, and Jay Novacek, tight end, are among the very best at their pass-catching positions. The Pittsburgh corps feature Ernie Mills and Yancy Thigpen, both good but not yet

about to remind anyone of Lynn Swann and John Stallworth, who caught every Terry Bradshaw toss in sight in Pittsburgh's glory years.

Both teams have intriguingly versatile "wild card" players. The Cowboys' relentlessly preening but lightning quick Deion Sanders not only plays defensive back but also catches passes, runs and sometimes returns kicks. For the Steelers there is Kordell Stewart, a rookie and an exceptional athlete. He was a college quarterback but is now used cleverly in special situations to run and catch the ball as well as throw it.

Defensively, it is possible to argue that Pittsburgh has the better linebackers, led by Greg Lloyd. But little, if any, contribution, can be expected from that admirable cornerback Rod

Woodson. He has been out all year with a busted knee, but has been buzzing his guns to get back on the field tomorrow after heavy-duty surgery. All that can be said about the Dallas defence is that it has no conspicuous weaknesses.

The coaching edge may go to Cowher over Barry Switzer - but coaches need horses, and Dallas has more of them.

It was said in this space two weeks ago that football needed a good finale to redeem a rotten season. On the very next day, the Steelers-Colts and Cowboys-Packers games exceeded all reasonable expectations. If Dallas and Pittsburgh put on a proper show tomorrow, then even those watching in Washington may loathe the Cowboys a little less if they win - well, at least until next season.



Ice cool: Dallas Cowboys quarterback Troy Aikman

It is difficult to be objective about Dallas if, like me, you live in Washington DC. This has nothing to do with the assassination of President Kennedy and everything to do with American football in the nation's capital, we are required, even to the point of moral obligation, to loathe the Dallas Cowboys.

The most passionate battles of the past 25 years have been waged not in Congress - not even this year - but on the field between the Redskins and the Cowboys. Joy has not been much in evidence for months now, what with Newt Gingrich, government shutdowns, and streets that have been strewn with garbage and choked by snow. But it erupted not once

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PROPERTY

W e all know it is expensive to heat and light a home - but few people know the true cost.

Last July, though, the government took a step in a helpful direction; building regulations now include standard assessment procedures (SAPs) which measure - on a scale of 1 to 100 - the efficiency of heating of both space and water in new homes.

Builders should tell buyers a home's SAP score. If they show reluctance, you should ask yourself why - especially as lower fuel bills and maintenance costs are two good reasons for picking a new home.

Adding SAP to the standard requirements puts pressure on builders to erect energy-efficient dwellings that will meet or beat competitors' products, while the buyer now has a simple way to make comparisons.

A third of all UK emissions of carbon monoxide (CO) come from home heating systems, according to the New Homes Marketing Board. So the latest rules go some way to meeting the UK's obligation - promised at the Rio summit in 1992 - to reduce the amount released into the atmosphere.

More sophisticated than SAPs is the national home energy rating (NHER) scheme, established by National Energy Services (NES) and the parent charity, the National Energy Foundation.

Besides the floor and wall areas of the home, NHERs take into account lights and appliances, number of inhabitants, windows and open fireplaces (both responsible for considerable loss of energy) plus the local climate and height above sea level. They then produce a picture of its total energy efficiency on a scale of 0 to 10.

The average NHER for a UK dwelling is 4, but 6 for one built according to the 1990 regulations. As the 1995 regulations come into effect, the NHER number will rise.

The NHER also estimates, in tonnes, how much CO₂ the home produces each year and predicts annual fuel costs, taking into account the standing charges for gas and electricity as well as likely consumption.

An NES example is a semi-detached house in Nottingham, built between 1950 and 1965. It has an NHER of 3.3 and a SAP of 85; it produces 12.3 tonnes of CO₂ and costs £110 a year to run. How can an owner



Tudor Barn at Cromhall, near Wotton-under-Edge, Gloucestershire: Impressively insulated.

When knowledge is power

New energy rating systems should help home buyers, says Gerald Cadogan

improve on that? The NHER makes suggestions, together with the time it takes to pay back the costs of the measures. An 80mm jacket on the hot water tank will cost around £35 (from a contractor, less from a DIY store), saves £32 a year and has a payback time of 1.1 years. Other measures with a quick payback (five years or less) include thermostatic valves on the radiators, low-energy light bulbs, blown fibre cavity wall insulation, fibre in the loft, and an efficient condensing gas boiler.

Carry out the recommended package and NES estimates that the NHER on the house in Nottingham will rise to 7.4 (with a SAP of 76), with the emission of CO₂ dropping to 6.2 tonnes. Running costs should fall by 41 per cent, to \$651.

So, why has there been such a slow response to NHER? "People don't want to know or



This £475,000 house at Cobham scores well for energy efficiency

they don't want to pay £75 to £110 for a survey," says Victor Harrison of the NES. But it now has a pilot scheme (with Halifax building society) to provide a free assessment as part of the valuation survey for obtaining a mortgage. It can advise private enquirers about their local assessors.

Countrywide Surveyors, with 150 offices, has an alternative scheme. As part of its valuations for mortgage lenders, it can provide what it calls a "streamlined SAP" energy rating, with suggestions for improving cost efficiency.

however, there should be no need for any of this. Some companies, such as Luton-based Admiral Homes, regularly achieve excellent SAP and NHER scores.

Achieving the top ratings is harder if the house is constructed in a traditional way - brick with concrete floors, rather than timber frames - and has open fireplaces, like some of the houses that Thiristone Homes builds. But Thiristone scores well, with a 78 SAP and a 7.6 NHER, for houses such as one on sale in Cobham, Surrey, for \$475,000. Managing director Tony Piggley believes high ratings will eventually be mandatory for all new housing.

His father's company, Berkeley Homes, has done similarly well in a development at Hunley Park in Tunbridge Wells, Kent, with NHERs for terraced homes - houses and flats for Moat Housing Association -

between 8.1 (good) and 9.5 (excellent), equivalent to SAPs between 75 and 99. Prices for private detached homes in the development start at £277,000. Inquiries to Fox & Sons or Wood & Picher.

Tudor Barn, at Cromhall near Wotton-under-Edge, Gloucestershire, converted three years ago, is impressive for its insulation and zoned heating and hot water systems (Knight Frank, \$395,000).

Hales says, however, that the chief problem is not so much new buildings as "the existing housing stock. That does most damage to the atmosphere from CO₂."

Admiral Homes, 01583-26500; Fox & Sons, 01892-525272; Hampton, 0171-536 3595; Knight Frank, 01295-659771; National Energy Services, 01208-675787; Thiristone Homes, 01938-246906; Wood & Picher, 01892-512121.

Cadogan's Place Of luvvies and net curtains

Domestically speaking, are you a Private Professional, Luvvie, Exhibitionist or Sociable Sloth?

Professor Barrie Gunter, a psychologist at the University of Sheffield, has identified four key types of home dweller in *At Home*, published by Wimpey Homes this week. It will be essential reading for all Wimpey's rivals as they determine what to build to meet buyers' changing requirements.

Gunter's models are a tongue-in-cheek excursus on typical owners, with some grains of truth for us all to swallow. The Private Professionals (self-employed or doctors, etc) want a functional, discreet house, behind natural barriers such as trees and bushes for privacy.

Luvvies (TV personalities, etc), while outwardly confident, are often insecure and so need extra privacy - such as a high wall and electric gates. The house is neo-Georgian, neo-Tudor or transposed Mediterranean, and its interior decor over the top, though it may have a few quality pieces.

Exhibitionists (advertising people or stockbrokers) reject net curtains as they have such a strong need to be visible. Their houses are conspicuously bigger and better, and the decor brash. Sociable Sloths (intellectuals) have no need for privacy either, but they lack any interest in what people think of them, their clothes or their houses - which can be difficult to identify under the flaking paintwork and rampant ivy. The house is no more than a shelter for eating, sleeping and entertaining.

Besides this lampoon of Wimpey's potential customer base, the report identifies long-term changes. There are now more than 24m households in the UK as against 16.2m in 1961, thus reflecting fewer people in each. The present average is 2.4.

On the other hand, there is the growing phenomenon of parents who intend to move when the children grow up often finding they cannot; the

children return home when there is no job for them.

And although there are signs of a growing rental market, the gut reaction persists that "rent is dead money" (as 81 per cent of respondents to a Midland Bank survey last year agreed).

But only 12 per cent expect a chance to make a profit, down from 22 per cent in 1983; 87 per cent of owners disagreed with the premise that "it is more secure to rent than to buy". The desire to own runs deep.

Perhaps the greatest help to developers are the key life stages that Wimpey identifies as likely to trigger a move. They run from the young singles wishing to move away from their parents to "solitary survivors" - the widowed and divorced. In between come newly marrieds (young, no children); pregnant (expecting the first baby or with one child); full nesters (with a growing family); empty nesters (children gone); early retirees; and those who retire in the traditional way in their 60s.

Wimpey built its first estate at Greenford Park in north London in 1928 "on clear Victorian principles". Houses included two living rooms (one for best) and a large kitchen with separate scullery and built-in larder (before refrigerators). Today, the kitchen has become the kitchen cum breakfast/family room, and the formal dining room replaces the old parlour.

Otherwise, little has changed. The British are still obsessed, with how many bedrooms a house has, still like to enter rooms off a corridor rather than through other rooms and "prefer storage to space". Future designs will have to cope with "flexi-living", adapting the home to the demands of multimedia entertainment, shopping through cable TV or Internet, and teleworking.

It is ironic that half the architects in the country are said to be unable to predict the most popular place for the TV set in the living room.

Gerald Cadogan

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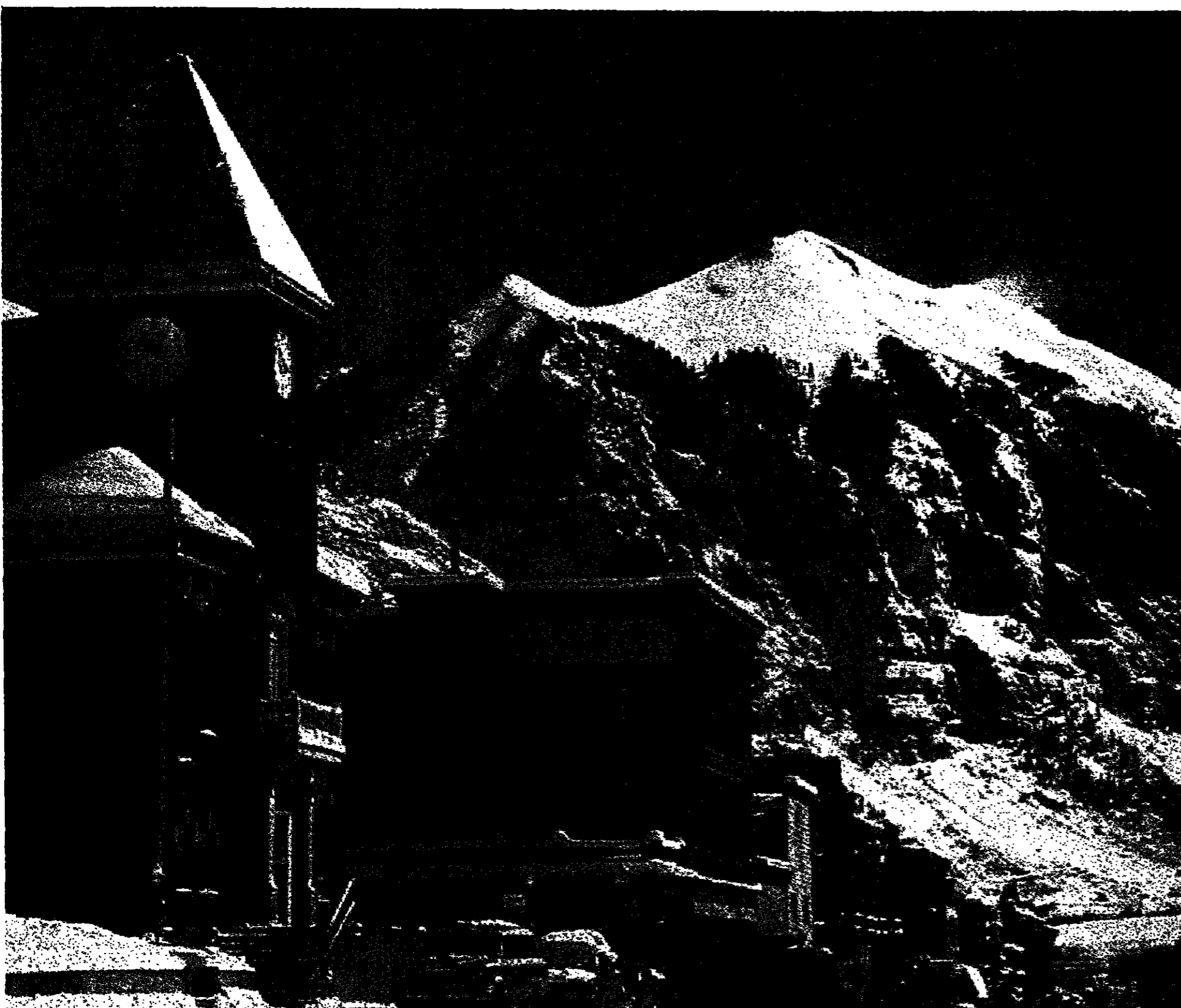
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OUTDOORS



Rescued by skiing: Telluride today is said to have more millionaires per capita than New York City

Shelton

Skiing

In the tracks of the lusty miners

Arnie Wilson tells Telluride's history of cowboys, Klammer, brothels - and some speedy Scandinavians

East on Ice, West Nice", ran the Rocky Mountain News front page headline. And Colorado was nice indeed, with temperatures of 70°F and the sun beating down on our backs as if we were in the desert rather than a mile high in America's most celebrated ski state.

It has been one of those winters in the US when the east - savaged by near record-breaking storms - has at least had something to crow about at its ski areas, traditionally the poor relations of the Rockies.

Not that Colorado has had a bad season so far: Vail and the Summit County resorts of Breckenridge, Keystone and Copper Mountain have been deluged with snow, but the south western resorts of Telluride, Crested Butte and even Aspen struggled for snow until New Year's eve when a blizzard brought sighs of relief.

Indeed there was so much snow along the road from Crested Butte to Irwin Lodge, which claims the largest snow-capped skiing terrain in the US, that it was deemed safer for us to travel by speedy snowmobile rather than the slow snow-grooming machines, which are normally used to transport skiers. The chances of an avalanche engulfing us en route were deemed to be so high that we had more chance of survival by nipping up to Irwin in 20 minutes than trundling there in an hour or more.

Our guide, Jeff Antonczyk, told us: "We get all sorts here - from men who own oilfields to men that pump gas and have saved all year to afford to come here."

Although the snow conditions were superb, our nerves were hardly settled when we discovered that some of the runs (known as the widow-makers) had been named after infamous assassins: how could you, in all conscience, truly enjoy skiing Oswald, Ray (James Earl), Sirhan-Sirhan or even Booth?

We were happier in Seventy-Mile-an-Hour Gully, where our "fat" skis enabled us to make 60 or 70 turns before being collected by our cat for the next ride up.

Later, tired and slothful after a hearty meal, we retired and waited for the moment when the generator was turned off on the stroke of midnight, as it always is at Irwin.

Everything powered by electricity went into instant slumber, leaving us to attempt sleep in an eerie silence punctuated only by the howling winds in the wilderness outside, which was once, in the old mining days, home to 5,000 souls but now the domain of coyotes, ravens and skiers.

Once visited, Crested Butte and Telluride tend to have a hold on a skier's heart. Only a three-hour drive apart, the two ski areas are linked through cowboy legend. Butch Cassidy robbed his first bank in Telluride, and rode

off in great haste to Crested Butte where he abandoned his gun behind the bar at Kochiwar's, one of the town's liveliest nightspots.

Crested Butte has some of the fiercest lift-served extreme skiing in North America, and hosts the annual American extreme skiing championships.

The miners were made to take a bath before visiting the girls - and as there was only one bathtub in town, its owner made a fortune

Telluride has adventurous chute skiing at Gold Hill and phenomenal bump skiing on Kant Mask'n, Mammoth and The Plunge, where, if you pause on its lower sections, as you will almost certainly be forced to do unless you have thighs like Franz Klammer and the youth of Olympic champion Tommy Moe, you will see the richly coloured weatherboard of Telluride's neo-Victorian homesteads ginting between your skis.

After years speculation, the Franz Klammer lodge is finally taking shape in Telluride's mountain village. To celebrate the 20th anniversary of his historic Olympic gold medal at Innsbruck, the great man flew into town for the resort's first ever downhill race, only to find it postponed by a violent blizzard.

He had to be content with a video re-run of his 1976 triumph in the local opera house, built - much to the amazement of the mining community who doubted its need for culture - in 1914.

It was a day to wander the streets of Telluride rather than brave the mountain: the town still bears witness to the days when the better off lived on the sunny side of Main Street and the less well-off in the shadow of what is now the ski area.

Scandinavian miners brought skiing to the canyon. Their expertise on the slopes meant that on pay day they were the first down the mountain from the Tomboy mining camp to reach Telluride's red light district, Popcorn Alley - so-called because the doors of the 21 brothels slammed continuously, sounding like popcorn as the miners visited the 176 "soiled doves" in their wooden cribs.

The miners were made to hire a suit to visit the girls - and to take a bath first. As there was only one bathtub in town, its owner, L.L. Nunn, made a fortune, which he used to bring the

alternating current to Telluride. The town became known as the City of Lights - the first city in North America with electric street lighting.

When Vladimir Nabokov holed up here in the 1950s to write *Invitation to a Beheading*, Telluride had become a ghost town. Even the Galloping Goose - a bizarre hybrid between van and train with a Buick straight six engine - had stopped running on the railway line which once ferried thousands of tons of gold and silver ore from Telluride to the outside world.

It was skiing which rescued the community. Without it, there would be no year-round economy. The Silver Bell brothel is today an arts centre, the old town jail a children's reading room and Popcorn Alley a quiet, respectable residential area, now registered as a national historical site.

The natives are still friendly - mainly because they are lonely, according to Johnny Stevens, for many years the ski area's mountain manager.

Today there are said to be more millionaires per capita in Telluride than in New York City. With one or two exceptions - such as Whispering Jim Delpatz - the last generation of hard-rock miners has disappeared.

Delpatz hardly recognises the place any more. He certainly never expected glamour - or Klammer - to be so closely associated with the wild and colourful town he once knew.

Gardening

Sweet Winter Sweet

This scented shrub is a real treat in January, says Robin Lane Fox

Although the cold weather is due to return, the past fortnight has rewarded anyone who plants their garden with an eye for winter pleasure.

Today, you can check out this column's love of the huge Witch Hazels in the Hillier Arboretum near Ampfield in Hampshire. They are approaching their best this week and are a winter uplift for those of us with too much lime in the soil to grow them at home. It is wonderful that Hampshire county council continues to support this great collection with its walks and practical demonstrations.

Back home, there is compensation on lime soil from the remarkable Winter Sweet. I suspect that this extraordinary plant is being eclipsed in the modern mania for immediate results because it takes a full seven years to come to fruition. But dig in, take the long view and regard the Winter Sweet as your reward.

For the past fortnight, individual bushes have been at their best in odd corners of college gardens throughout Oxford. They are bare-branched shrubs up to six or seven feet tall with pale yellow outer petals, hanging down from the branches, often with a cluster of reddish-purple petals in the centre.

They are wonderfully scented, one of the miracles of the natural world, and like most of its floral miracles, they were found in China. It would be thrilling to see them in the wild - where there is also a white-flowered variety and a long-lost one from Yunnan I would like to see rediscovered.

In our gardens, we are likely to grow *Chimonanthus praecox*, possibly in one of its two named forms. The one called *grandiflorus* is popular, but is the worst of the three. The flowers are bigger and a much brighter yellow. They are much less fragrant than the ordinary *praecox* with the combination of pale, waxy yellow petals and the purple middle.

A possible alternative is the variety called *lucens* whose inner petals are yellow instead of red-purple. I find this single colour less attractive than the main form and I stick firmly to ordinary *praecox* without variation.

The wonderful thing about this plant is that nobody would choose it on impulse from a garden centre. In leaf, it looks pretty miserable, a bit like a peach which is never going to fruit. In winter, young plants are a thin frame of bare branches without flower buds.

The fact that Winter Sweet takes up to seven years to flower properly also deters half-hearted gardeners who cannot believe how quickly time passes in a new home and how long they will be stuck with the property which they have bought.

Flowering takes even longer if you are tempted into uninformal pruning, a very easy mistake.

I relish the advice in an often-reprinted *Complete Book of Pruning*, which bears the surname of a former director of Kew. It tells us to grow the Winter Sweet against a wall and to cut back the branches severely in July, in a wet summer, "any excess growth" can

be thinned in late August to encourage ripening.

I bet the author never had regular flowers on his Winter Sweet. His advice is all over the place. This shrub flowers on the new wood which it puts out after flowering. The only time to prune it is early March so that it can make new growth throughout the summer. Even so, there are problems, beautifully exposed by Vita Sackville West (in an article which I had the pleasure of editing from her collections).

Characteristically, she quoted the advice of three great authorities to prune in or before early March and then observed that in her garden, the result was a forest of long, young green shoots which did not flower at all in the following year. Instead, they flowered beautifully a year later, which suggests that the ideal on a wall would be to plant two separate bushes and let them flower in sequence. The difficulty is to stop the Winter Sweet running to green growth, while giving it time to ripen a new outcrop.



In warmer areas and south, say, of Birmingham, I think the best answer is to plant this wonderful shrub as a free-standing bush. It then needs much less pruning, because you are not struggling to fit it on to an unnatural wall. Judicious trimming in March can keep it to about 5ft in height and width.

In Oxford, one is flourishing in poor soil on the edge of a hard-surfaced quadrangle without any special attention or rich compost. Crown hard and rather starved, it covers itself in its divine flowers every single year. We have shaped it and thinned it occasionally, but it has had none of the experts' prescription for cutting back.

The more sun to reach its branches in summer, the better it flowers. It is a great candidate for warmer, Mediterranean gardens.

Apart from patience, there is only one black spot. Actually, it is not so much black as coral. The Winter Sweet is rather prone to attack by the Coral Spot fungus which is extremely easy to identify. The wood dies and shows little coral-red spots which spread all over the place. If they appear, take the Winter Sweet out and reckon it to be a failed experiment.

Otherwise, think beyond walls; ignore most of the expert advice on pruning and allow a bush to develop its own framework in a dry, sunny place. Seven years may have to pass, but the result changes early winter every year, one of the marvels which makes January far from dark and miserable.

Motoring / Stuart Marshall

A refined son of the monster

In the books I read at school, it was always the baddies and bouncers who drove supercharged Mercedes-Benz cars. Huge, two-tonne monsters they were, with exhaust pipes like silver plated box constrictors bursting out of the bonnet. And only the scream of the supercharger drowned the gurgle of the mini-Niagara of petrol flowing through their carburetors.

MOTORS

DINO FERRARI

Chassis number 152. Private sale, for further details of this classic car please contact Mr Brown by Tel/Fax on 01730 260962.

Great machines, to be sure, but brutal and perhaps a touch over the top compared with the Lagondas and Bentleys favoured by the heroes of Percy F. Westerman and Captain W.E. Johns.

The supercharged Mercedes-Benz did not survive the second world war and only now has a successor emerged. But any similarity between the C230 Kompressor of 1996 and the monsters of the 1930s is coincidental; all they really have in common is the three-pointed star above the grille.

A pre-war Grosser Mercedes would top 100mph (160kph) when its 7.7-litre, eight-cylinder engine was delivering 230 horsepower (and slurping rivers of fuel) with the driver engaged in supercharging in action. Today's C230 Kompressor has a 2.3-litre, four-cylinder power plant that pro-

duces 190hp and is good, Mercedes-Benz assures me, for more than 140mph (225kph).

Although its supercharger works all the time - not just when a dramatic power boost is needed - it is able to return around 33mpg (8.56 l/100km). Exhaust emissions are also reduced.

But to look upon the supercharger mainly as a way to produce lots of legally unassailable top-end performance is to miss its point entirely. Yes, it makes a brutally driven Kompressor sprint noisily through the gears from a standstill to 100kph (62mph) in a little over eight seconds. Much more significantly, it provides the top-gear acceleration you would expect of a multi-cylinder engine 50 per cent bigger.

This makes for relaxed driving and safer overtaking. And because the extra surge is on

tap from low engine speeds, the Kompressor feels as happy in heavy traffic as it does on the open road.

Engine apart, it is a typical Mercedes-Benz C-Class car, although the Esprit and Sport versions have slightly lower suspension. Prices vary according to trim and equipment, starting at £25,725 for a Classic and going up to £30,800 for a leather-trimmed Sport.

Interestingly, C-280 models with 2.8-litre, in-line, six-cylinder engines have a similar performance and cost only slightly more - a C-280 Classic is £27,375.

With less weight up front, the Kompressor feels lighter on its feet on winding roads and is potentially more economical, although much depends on driving technique. Only five-speed manual trans-



Mercedes-Benz C230 Kompressor: the first supercharged car with a three-pointed star for half a century

mission is available but there will be automatic by mid-year. They will be welcomed; starting a manual gearbox car with a foot-operated parking brake on hills is tricky.

□ □ □

Just arrived in the UK, and aimed at younger business

motorists not high enough up the management pecking order to rate a £25,000-plus Mercedes-Benz, is the Citroën Xantia Activa with a unique active roll control suspension (ARCS).

This £18,490 flagship of the Xantia range has a 160hp, turbocharged, two-litre engine that is as smooth as it is mus-

cular. It does not pull quite so strongly at very low revolutions as the Kompressor's supercharged unit, but the turbocharger's effect is obvious from 2,000rpm (equal to 45mph - 73kph - in top gear) upwards.

Again, the main practical benefit from force-feeding the engine with a petrol/air mix

is silken power delivery and vigorous acceleration for overtaking without having to come out of fifth gear.

Its suspension virtually eliminates roll on corners. As soon as sensors detect that the Activa is entering a bend, front and rear stabilising bars are firmed up. Then, if the body tilts by an imperceptible one-half of a degree, electronically triggered hydraulic rams stop it from leaning further.

In a mock roundabout on a private stretch of concrete, an Activa kept on the tail of a hard-driven Vauxhall Vectra. After several circuits, the Vectra was leaning over so much that its rear nearside wheel lifted clear of the ground. The Citroën stayed completely flat.

An amusing party trick? Of course, but with a serious side. An Activa, all four tyres square-to-road for maximum grip, remains exceptionally controllable in extremes. And, for passengers, ARCS makes winding roads feel more like straight ones. This is a real boon, as anyone who has sat beside a go-faster driver on minor roads will confirm.

TRAVEL

On top of the world in a £33m penthouse

Paul Betts visits the ultimate New York hotel room, owned by an Australian widow

An elderly American with a Clark Gable moustache was sucking a vodka martini through a plastic straw. "Just back from the dentist and my lips are still numb. The straw is the only way I can taste the darn drink," he explained genially. We were in the cosy bar of the Pierre, the 43-storey granite and limestone luxury watering hole which passes in Manhattan for a French chateau with a gleaming copper tower overlooking Central Park.

"Staying here?" he asked. "Yes," I replied, "they've given me a terrific \$1,800 night suite on the 28th floor with a wonderful view of the park."

"Oh, that's nothing," he said between sips. "There's an Australian woman who has the top three floors and a room big enough to sleep 400 people." The barman, who had clearly seen and heard it all before, nodded knowingly.

That evening over dinner in the Cafe Pierre, where the band was playing Cole Porter and Duke Ellington tunes, I asked Didier le Calvez, the hotel's urbane Breton manager, the hotel manager, if there really was such a room. There was even though it had never slept 400. But Lady Fairfax, widow of the Australian publishing magnate, had indeed once hosted a party for that many in honour of the King and Queen of Romania.

"Do you want to see it?" asked le Calvez. "You can also buy it; the apartment is for sale." With a reputed asking price of around \$50m (£33m), it is probably the most expensive pad on the Manhattan market.

The Pierre is no ordinary grand hotel. Founded in 1929 by a Corsican, Charles Pierre Casaleco, with the backing of such financial big wheels as Otto Kahn, Edward Huttmann, Walter Chrysler and Peter Frelinghuysen, it went bankrupt in 1938 and was bought by Jean Paul Getty, the oil billionaire. Getty paid \$2.5m for the landmark hotel which had cost \$15m to build. He subsequently converted it into a co-operative.

The Pierre is still a co-operative. A highly select group of tenants owns the building. They occupy 72

apartments. In turn, they have contracted the Canadian Four Seasons group to run the hotel and provide services for the apartments.

Until 1981, Trust House Forte ran the Pierre but the co-operative board was not happy with the way the British group managed the hotel and sacked it.

It is, however, satisfied with the Canadians who have invested \$70m to restore and refurbish the hotel to its former glory. The co-operative board has already begun negotiations to extend the Four Seasons' management contract for another 21 years.

So why is Lady Fairfax selling up? It seems she only spends a month at most in the Fifth Avenue apartment, which has maintenance costs of around \$1,200 a day. The hotel takes care of it in her absence, including feeding her six parakeets. Le Calvez said sometimes someone went up and turned the radio on for them to ease their loneliness.

Lady Fairfax bought the apartment seven years ago for about \$12m and then spent another \$8m (some people suggest that is a conservative estimate) on refurbishments. After securing permission from her agent, I was invited to visit this Manhattan Xanadu.

A security guard with a prominent earplug took me up in the manned lift. The Pierre is one of the few remaining hotels in New York with lifts manned round the clock. And security is paramount. Most of the apartments contain priceless art collections and the hotel is especially security conscious following the \$10m robbery of its safe-deposit boxes in 1972.

We walked out of the lift on the 41st floor into a hall of mirrors. A giant Rodin nude stood at the end of a small corridor. The Fairfax coat of arms and motto, *Lucem Per Fecit*, was encrusted on the mosaic floor. There were oil portraits of George Washington and his right-hand man Sir Thomas Fairfax.

On the right was a sitting room with Chagalle on the wall and pictures of Nancy and Ronald Reagan ("great friends," I was told); a kitchen; a bathroom complete with gold swan-shaped spigot and a bottle of Veuve Clicquot in an ice bucket; and a bedroom with fluffy

white lambskin, wall-to-wall carpet.

Lady Fairfax wanted to rent this section out for \$50,000 a month, the security guard said. But the co-operative board would not allow it. "We have a very strict board," he added. So much so that anyone wanting to buy an apartment, even at the Pierre's elevated prices, must pay cash and put up a hefty cash deposit as well.

The tour continued up a sweeping black marble staircase to the second floor of the duplex. There was an internal lift installed but it only takes one person at a time. Guests have been known to have become

I asked the hotel manager if there really was such a room. There was, even though it had never slept 400

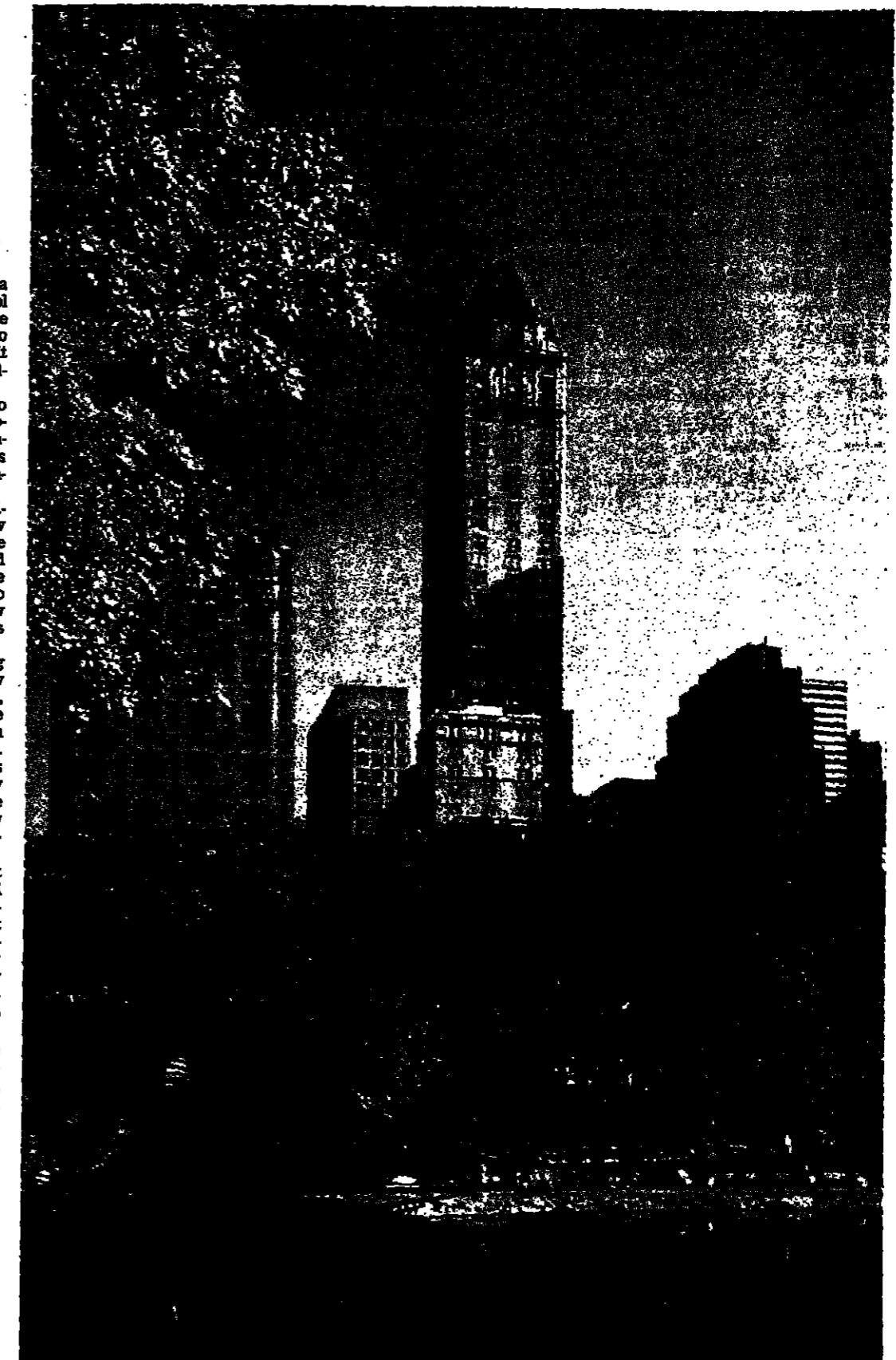
stuck in it.

The staircase led to what used to be the Pierre's ballroom. But co-operative members did not like it up there. The noise and constant movement of people going up and down the lifts intruded into their private lives.

"For many residents the Pierre is home and we have to maintain a delicate balance between home and hotel," said le Calvez.

The ballroom was relocated on the ground floor and the great sky-top room with its dramatic views over New York remained empty for years until Lady Fairfax came along.

The room is now an 86ft (26 metre) long, 50ft wide reception room with a cathedral-like ceiling and an 18th-century fireplace. The room used to be even bigger, but it has been partitioned off to accommodate Lady Fairfax's private quarters: a country kitchen with a balcony overlooking the park; her bedroom, also carpeted with fluffy



Manhattan's French chateau: the 43-storey Pierre which overlooks Central Park on New York's Fifth Avenue

An invitation to heaven

I awoke from Oliver Stone's huge double bed (don't ask) I could see a breathtaking sunrise over the majestic San Juan mountains of south-west Colorado.

At the touch of a button I could have brought the shutters down on the seemingly endless landscape across the Wilson Mesa and returned to my slumbers.

But I had no more desire to obliterate Mount Wilson, Wilson Peak and El Diente (three of Colorado's "Fourteens" - mountains over 14,000ft) than I had to press another button which would have brought Stone's huge TV set rising from the deep like a submarine conning tower.

Who needs TV with a view like this - grazing land covered in snow in winter, a maze of wild flowers in summer? There is also uranium in "them thar hills"; it was from here that the uranium used in the infamous Manhattan project was extracted and moved to New Mexico for the first atom bomb tests.

When, over roaring bonfire at his New Year's eve party, Stone had invited me to take a look at his 1,000-acre ranch "any time I wanted", I do not think he envisaged I would sleep in his bed (after all, there are eight other bedrooms). But he was out of town when I took up his invitation, and for some reason his staff directed me to the master bedroom, about the size of the bridge on the USS Enterprise.

Stone has only recently decided that the ranch in which he spends only a few weeks a year should have a wider audience. The \$3m ranch is spectacularly located 12 miles from the ski town of Telluride at the end of a beautiful canyon - once the happy hunting ground of the Ute Indians.

Legend has it that when the white man forced them out they put a 100-year curse on the canyon, said by some to explain the high divorce rate in the town.

When the Buddhist writer/film director, enjoying further notoriety following the recent release of his film *Nirvana*, built the ranch four years ago, he used Rob Quigley, one of the most sought after architects in the US. The theme of Stone's Sanctuary Ranch is that it "speaks to your soul".

At \$22,000 a week in high

season, from mid-December until mid-February (additional days at \$2,100), it also speaks to your wallet, although it is a snip in low season (mid-April to May and mid-October until Thanksgiving in November) at \$9,500 a week.

Quigley's variations on the theme of speaking to one's soul are worth noting: "Abstract ruins speak to the temporary nature of man's intrusion on this timeless site." As he mullied the project over in his mind, he added: "Low walls anchor the house to the earth and reach out to mediate between the vast landscape and human habitation. The house starts with the earth, is shaped by the sun and aspires to the heavens."

Even the huge girders are specially treated to give them a rustic, wooden appearance designed to look like an aspen glade in winter. "The rhythm of the nearby aspen grove permeates the interior. The house is a sun-filled extension of the forest. Changing sunlight is carefully choreographed to lighten the spaces. Gently cascading floors and delicate tree-lined columns animate the spirit."

Quigley also wrote notes under the heading of "humility". "Humility is the truth of the architectural fit. The simplicity of the ranch house makes more 'designed' objects seem pretensions. Even the old Victorians [a dig at the Victorian and neo-Victorian architecture of central Telluride] are ridiculous against the landscape."

The 13,000 sq ft ranch includes a sauna, whirlpool, theatre room, fitness room and a gallery "suitable for entertaining". Quigley, at pains to emphasise the atmosphere of sanctuary and tranquillity, refers to the ranch in the brochure as "arguably the finest mountain getaway in the Rockies" and even suggests that "the car is absent, out of place, irrelevant". Except, of course, when you want to escape for a rowdy night out in the Last Dollar Saloon in Telluride.

For information: contact Victor Good of *Elysium Estate Services*, 1125, 17th Street, Suite 2200, Denver, Colorado 80202, tel: 303 333 7792. There is also a toll free number from the UK or Ireland: 0800-371425.

Arnie Wilson

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TRAVEL

Crammed in on a peanut flight...

Peanuts have always been popular in the US but recently they have also become a potent symbol of cheap air travel.

During the last five years, no-frills flights have had a dramatic impact on US domestic air travel. Low fare competitors have forced big carriers to cut prices on many routes, to introduce special shuttles outside their hub airports, and to reduce the standard of service on board.

"As a result of all this," says Sophie Gesta of Delta Air Lines, one of the largest US carriers, "90 per cent of the market has low-cost competition". An American Express survey has also shown that the average economy fare in 10 US cities has fallen by 25 per cent in the last five years.

The principal driving force behind these changes is the Dallas-based Southwest Airlines which, despite frequent skirmishes with the big US international carriers, has grown to be the fifth largest in the country.

Except for the two initial years, it has an unbroken profit record for the past two decades.

Herb Kelleher, the Southwest chairman who read military history at university, relishes dogfights with other airlines. He calls his airline a niche carrier that flies point-to-point from one city to another

with an average range of 375 miles and a fare of \$27.

Such prices have lured more and more people to fly. A case in point is Louisville and Chicago, a route that once had only 8,000 people a week paying a one-way fare of \$161. Today, there are 26,000 passengers a week.

Several other upstart airlines have thrived - none so much as the Atlanta-based ValuJet. Its start-up has become one of the most successful in US airline history - for \$25, you can fly from Atlanta to Jacksonville, Florida, and its average fare is \$46 for 497 miles.

Lewis Jordan, ValuJet's president, says the airline was founded 24 years ago on the fact that 20m people drive to Florida each year and the belief that they could persuade drivers to fly. The low-cost operation now has a market capitalisation of \$1bn.

Although the airline flies to 36 cities, all the flights begin or end at Atlanta and Dulles Airport, Washington. It does not fly any single route more than six times a day. Operating costs are so low that the airline turns a profit as soon as 45 per cent of seats are filled.

Its fleet of 29 aircraft consists



only of 737-400s, of which the low maintenance costs and reliability were pivotal to its early success.

Europe has so far only dipped timidly into the low-cost aviation business. Ryanair, the Dublin-based carrier, and Easyjet, operating out of Luton, offer "cheap flights between England, Scotland and Ireland". And there is Air Liberté in France, Spanair in Spain and Euro Belgium in Belgium.

But Europe still has a long way to go before 225 fares become common. Sophie Gesta of Delta Air Lines predicts that Europe will not have its network of "peanut flights" for another five years, because of the slow and cumbersome process of achieving European "open skies".

I tried a peanut flight from Chicago to Detroit on Southwest and I can vouch for the happy and

high-spirited cabin crew. They were dressed casually in polo shirts, shorts and running shoes.

This fact that they were only paid while the aircraft was in the air accounted for their good humour and the quick turnaround on the ground.

In an attempt to reduce the low operating costs of peanut flights, United Airlines, the largest US carrier, launched a "low cost" service

called the United Shuttle, which has become a test-bed for new ideas. On the Shuttle's 45 Boeing 737 narrow body aircraft, United has introduced a quicker boarding procedure. The first passengers to embark are those with window seats, then those in the middle and finally those with aisle seats.

Another development is E-Ticket or electronic ticketing. This dispenses with the traditional airline ticket and enables a passenger to get a boarding pass at the gate by giving a confirmation number and showing a photo ID.

"As a conventional ticket costs us \$5.50," says Tony Molinaro of United, "we can save a minimum of \$4.50 on each which in the long run represents annual savings of \$22m".

On one United flight, I was sitting next to a newsletter editor from Baltimore who told me he had not only booked his ticket through the Computer software package but also used it to find the best value fares.

But seat comfort and leg room have been sacrificed in the scramble to reduce fares: every device is used to try to increase passenger capacity in the confined space of an

aircraft. There are now three narrow seats where once there were two; the backs of the seats have become thinner to add an extra row and the pitch of all seats has been reduced.

Passengers should avoid at all cost the last row of seats as they often do not recline while the seats immediately in front do.

Caroline Ross Hunt, daughter of H.I. Hunt, the legendary oilman and a well-known Dallas socialite, usually travels in economy and counteracts the effects of cramped seating with exercises requiring the minimum of movement. One involves breathing deeply but erratically to stimulate circulation. In another she tenses all her muscles and then releases them and finally does the same routine with her hands.

I encountered two other kinds of flyers during a recent visit to seven US cities. One would do anything to get a low fare, including taking a circuitous route and only eating peanuts; the other was only interested in earning the most air miles and points possible, even going to the extent of spending a whole weekend working out the best way to achieve this.

Farrol Kahn is the director of the Aviation Health Institute, Oxford

Farrol Kahn



Trying to catch 40 winks: Sir Colin Marshall, BA chairman, in one of his airline's new sleeper seats

... Or stretched out in comfort on a flying bed

Paul Betts flies the Atlantic four times in five days in an attempt to test British Airways' new first class facilities

With a ticket code starting with the letters RIP it was inevitable that something was going to go wrong.

"You lead a hard life," said a friend last week just as I was setting off for New York. But what promised to be a jolly trip to Manhattan turned into a singular flying odyssey. I ended up doing two return trips across the Atlantic in five days, losing my bed in Montreal and chipping a tooth on a chicken curry.

The object was to test the new flying beds British Airways is installing for first class long distance passengers as well as a new cradle shaped seat approved by a Harley Street back specialist for club class passengers - all part of a £115m investment the airline is making to lead the way in luxury first and business class air travel.

I took off at lunchtime last Thursday morning. My new "ergonomic" club class seat was very comfortable. Much better than the old ones. It tilted back for a snooze, was equipped with all the latest video gadgetry and there was much more leg room.

It was in this comfortable seat that I cracked my tooth on a grain of rice as I was eating a chicken curry. The chicken was tasty but the basmati rice on top had been burnt in the galley oven, making some of the grains as hard as lead pellets. There was no dentist on board. I decided to wait until I was back in London to see my dentist because the cost of seeing one in New York filled me with terror.

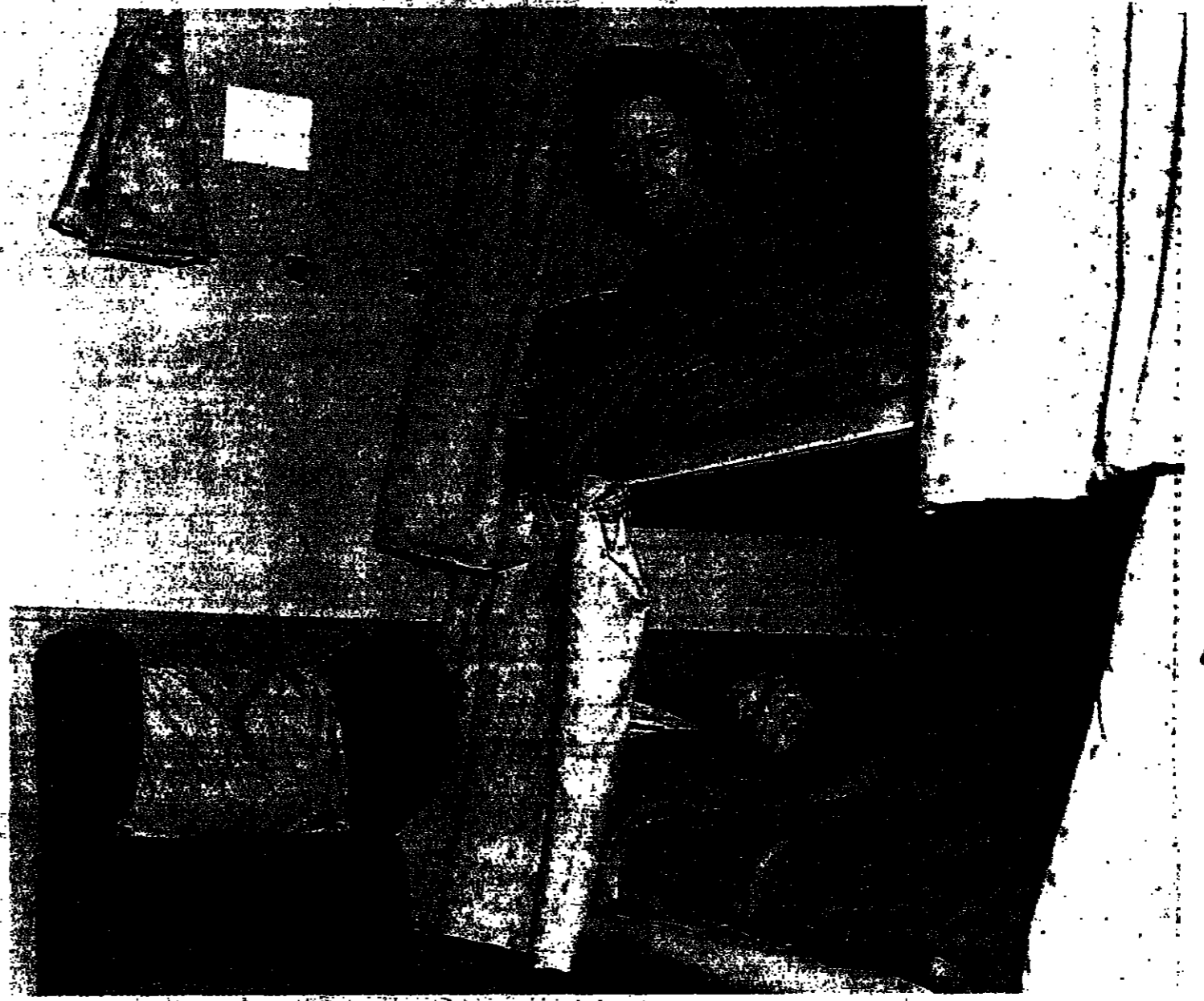
On Saturday morning I woke up to brilliant sunshine over Central Park. The telephone rang and an excited voice from BA's London headquarters said there was a problem about my return flight on the

"revolutionary" flying bed that night. One of the first jobs equipped with the new convertible seats was stuck in Montreal because of bad weather and would be unable to perform its premiere from New York.

Could I wait until Sunday night to catch the aircraft from Newark? No, I had to be back in London on Sunday. They offered me a flying bed to Johannesburg on Monday. I was not interested.

How about taking the aircraft on Monday afternoon to JFK and turning around with it to be back in London on Tuesday morning. OK. After all, I had come all this way to try a bed that never showed up.

I had missed the morning Concorde flight and there was no afternoon service on Saturdays. So I took the evening flight with the conventional first class seats. I was not the only disappointed person in



Sleeper seats, 1940s-style passengers on a BOAC flying bed in 1946

New York. The American television crew had to turn back and the BA ground staff were humming "ain't it a shame".

Monday came and I was back at London Heathrow to catch the 2pm flight. The beds had finally showed up. Jet-lagged but full of excited anticipation, I walked into the new BA first class cabin in the nose of the aircraft. I had been prepared and seen photographs but it still came as a surprise.

This was no Orient Express of the air. The first impression was of a comfortable high-tech office with cubicles partitioned by pear wood panelling and modern wing armchairs. BA is spending around \$50m re-fitting all of its first class cabins in this fashion on its long distance aircraft.

The concept is novel. Instead of the conventional two by two seats, each passenger has his own private space.

"It was one of the things they'd most wanted," explained Jane Bednall, BA's first class brand manager. Months of intensive market research showed that women, in particular, did not like sharing their space with a stranger when flying alone. Passengers also wanted a flat surface to sleep on.

BA picked a London design consultancy that specialised in creating luxury yacht interiors to plan its new cabin. The seats - each costing the equivalent of a quality German family car, according to Bednall - convert into a flat bed at the touch of some buttons.

At the other end of the cubicle there is a small seat so that a passenger can invite a guest into his compartment to talk business or share dinner. But the guest has to be slim because this seat is as small as a theatre bracket-seat. The old food and drinks trolley has also disappeared. Passengers are now

conveyed individually by the crew to serve the feeling of a smart restaurant.

After a very good lunch on a large table, which no longer flips out of the arm rest but out of one side of the compartment, I pressed the buttons on the control panel and the seat turned into a bunk. I had a pleasant siesta before landing at JFK.

Despite everything, the flight had left me subdued and relaxed. Ten points for the new seats. But I felt a little sleazy as I checked in for two hours at an airport hotel for a shower and a rest before the final leg of my flying marathon.

Imagine the disappointment when I was told there were no first class seats available on the return flight. They had all gone. A stampede of passengers paying \$4,200 each for the return trip across the Atlantic had booked all of the 6ft 6ins flying beds.

Good news for BA and its shareholders, since premium class passengers provide more than a third of total airline revenues while accounting for only 15 per cent of all passengers carried.

On the daytime flight I had been given an appetiser of what I could look forward to on my return to London. But now, after all this typing and fro-ing, I was not going to experience the real thing - the new night sleeper service with pyjamas, cotton covered duvet or blanket and sheet and plump white pillows. I was back in the "ergonomic" club class seat dreaming about the sleeper I had on the way out and the contented snores of the happy few in the nose of the aircraft.

The story has a happy ending: I had taken along the clipped part of my tooth on the second leg of my Odyssey. The tooth fairy came. I woke up to find a bottle of Krug champagne under my pillow.

It was, apparently, quite usual for German scholars in the Middle Ages to nail documents for discussion on to church doors. So, when Martin Luther posted his 95 theses against Letters of Indulgence on the Palace Church door in Wittenberg, he had no idea that he was about to cause a schism, be excommunicated and put the German states in turmoil. At first no one came.

By the time he died, 450 years ago this year, Luther was the Father of the Reformation. This year his life and achievements are being celebrated all over eastern Germany.

As I stood looking at a bronze memorial portal to Luther and his theses, a group of visitors shuffled around me in a vaguely conspiratorial way. Suddenly they burst into song: "Nun freut euch, Hebet Christen gmein..." one of Luther's hymns... in Wittenberg. He lived in the town from 1508 until his death and was Professor of Moral Philosophy at the university. His status stands in front of the town hall overlooking the main square. He is buried inside the Palace Church,

stone, and his co-protestants from around Europe - John Knox, Thomas Cranmer, Gaspard de Coligny - are depicted in the (modern) stained glass windows.

In the town church, St Mary's, there are portraits of him preaching eagerly to enthusiastic townsfolk, while his Roman Catholic counterparts are depicted as living luxuriously and then screaming in pain. The oak tree where Luther burned the Papal Bull threatening him with excommunication is still there on the outskirts of town.

At the end of Collegienstrasse you come to the Luther House. Originally the Augustinian monastery where Luther was a monk, it was given to him by the Prince Elector Frederick the Wise (when it was dissolved) as a personal residence. Now it is a museum of the Reformation.

Downstairs is the barrel-vaulted refectory with a depiction of the Ten Commandments.

and a large Saxon heater in the corner. Here the extended family and acolytes would gather around the great man at meal-times. They collected his sayings in a book, Tischreden, Table Talk, of which there is an original on display. His death mask and a plastercast of his hands are also on view.

As you leave the building there is another touching reminder of Luther the family man. The stone doorway was a present to him from his wife, a former nun. It is a renaissance "niche-seat" typical of Saxony; set in the arch either side of the doorway are two stone seats where people would sit and detain visitors on their way in and out.

There is a re-enactment of Luther's wedding each year in June as part of the Wittenberg Town Festival. There are processions of historical characters with wandering minstrels, theatrical performances and a round of concerts.

Luther travelled widely often to justify his writings but later to mediate in disputes. He would preach wherever he went. I visited Kisleben, where he was born and died, at a fever contracted on the road. I also went to Mansfeld on the edge of the Harz Mountains, where he lived as a child. There are houses dedicated to his memory in both towns. He studied law at Erfurt and, outside the town, you will find the place of his conversion (marked by a standing stone).

It came in a bolt of lightning, as he was returning to his law studies one day. Caught in the open in a thunderstorm, he was so terrified that he promised to join a monastery if his life was spared. Soon after, he entered the Augustinian Priory in Erfurt, much to his father's distress. It was a superstitious age, but it is a measure of the man that he stuck to his vow and threw himself into it with such energy.

Luther spent his school days in Eisenach in the west of

Erfurt. A miner's son, he had to sing for his supper as a choirboy, until he was taken in to live with a family; the house is on view, one of the many half-timbered houses typical of the region (with exposed beams similar to English black and white Tudor style).

Inside there are a couple of small rooms where he lived, with musical instruments and, interestingly, an original trunk - actually a hollowed out tree-trunk bound with metalwork and a lock.

Eisenach is also famous for the Bach Haus (he, too, was born there; it is an excellent tour) but the finest building in this area is the Wartburg Castle, which stands like a hawk on a forested mountaintop close to the town.

It is considered the finest romanesque secular building north of the Alps, a courtyard lined with stone colonnades and exposed beams. It is also the second most popular site to visit in Germany after Neuschwanstein Castle in Bavaria.

Wartburg provided inspiration for Neuschwanstein. The interior was redone in mock-medieval style in the last century and Mad King Ludwig (Neuschwanstein's builder) visited and was inspired by it.

Wartburg was also the scene of the original Minstrel's War (later adapted by Wagner in Tannhäuser) and this is depicted in a mural in the Minstrel's Chamber.

Concerts are often held in the huge medieval festival hall, its ceiling designed by Liszt. You can see the old knights' bath (communal, like a football team bath) and the museum, which in addition to a Luther section (complete with the man's travelling spoon and another copy of his wedding ring) has some original Cranach paintings.

Luther spent nearly a year in hiding there. His life threatened after he refused to recant his beliefs at the Diet of Worms and he was taken can-

tive for his own protection.

He used his time well, translating the New Testament into everyday German (because of this, Goethe considered him the father of the modern German language). His room, with a magnificent view across the Thuringian forests, is austere but it has the charm and authenticity of age - a stone floor and rough wooden walls and ceiling. His whalebone footrest is there and on the wall you can see an inkstain from the time when he threw an inkpot at the Devil.

There is a hotel just below the castle walls, a solid sandstone construction also decorated in mock-medieval style. I was just tucked in to a pillow of stew and dumplings when the creaky-floored dining room went slant again, and then rose spontaneously into song: "Ein feste Burg ist Unser Gott..."

American Express Travel Related Services Ltd 0171-837 8900 is offering a number of special Reformation Tours this year and tailor-made itineraries can be arranged by DER Travel Service (tel: 0171-290 1111) and Mosquit Tours (tel: 01163-719922).

TRAVEL

In step with the dawn dancers

James Henderson gets to the heart of the colourful Trinidad Carnival

Jouvert is the raw heart of Trinidad Carnival. It is a big night-time street party and procession which crystallises in central Port of Spain in the early hours of Lundi Gras, before the daytime carnival parades. It is really a continuation of the *Fetes* - the parties - of the night before, as tens of thousands of revelers spill out on to the streets from about 2am looking for more fun. They dance till dawn and beyond - *Jouvert* (pronounced *Jou-vay*) is a creole corruption of the French *Jour ouvert*.

The music is deafening and the dancing extraordinarily energetic - not to mention steamy. People attach themselves to one another by their "middle section" (midriff to mid-thigh), and they pulse and thrust to the rhythm in every conceivable permutation - front on front, front to back - in multiples of two up to a heaving mass of 20.

Jouvert revelers also cover themselves in mud, axle grease, even chocolate sauce (which smells a bit rich at 5am), anything dirty that comes to hand. Walk past looking too smart and a brown ghost will good-naturedly sidle up and hug you.

There is a special carnival step, the *chip* - a flat-footed, flex-kneed shuffle. (The closest you get to it in the UK is stumbling through a crowded tube station in rush hour.) The *chip* is the most economical version of the standard Trinidadian dance step - and economical is

important when you are out dancing solidly for the next 86 hours.

At *Jouvert* there is all the exuberance of the carnival parade, but in a less formal setting.

One of *Jouvert's* special features is that it is driven by steel pan, that quintessentially Caribbean instrument (West Indians will tune up almost anything to create a rhythm, and "pan" is literally a 50-gallon oil-drum bashed out and tuned up). Steel bands have amazing vitality and energy. And there is a visual as well as an aural quality. The players have a great time as they jump with the beat or lunge from one drum to the next (a bass pan-player may have to cover nine drums). When a song changes key 100 players shift at once.

Depending on which band you are listening to, pan music can be raucous and noisy, a riotous volley of plinks, clangs and bongs, or it can be like notes on velvet. I have seen pan make hardened correspondents gag with emotion.

And the bands will play any tune that comes to mind. It might be Mozart or an American rock ballad. Then, in the way of Carnival, they play each song for 40 minutes or an



Trinidad Carnival: energetic dancing and deafening music

hour at a time. On *Jouvert* morning the street parties were in full and riotous swing. That limp conga that you occasionally see in the UK suddenly takes on a more vital incarnation in Trinidad - as bodies are

pressed tight together, the snake pulses and writhes with a more powerful, purposeful rhythm. After an hour we headed off, looking for the steel band processions.

On Frederick Street (Port of Spain's Oxford Street) we fell in with the Renegades, one of the island's leading steel bands. They were in fine form. Two nights before they had won the steel-band competition for the year. They were surrounded by their supporters, who stretched for 50 yards ahead of them and behind, a sea of heads rising and falling in unison.

We moved among the crowd for half an hour, shuffle-stepping in time, left and right, left and right. Suddenly there was an opening on the side of the truck, just in front of the rear wheels; two of us slid in, beneath the double second pans, elbows resting on the fished next to the players' feet, looked in to the irresistible rhythm. They were playing a gentle pan version of a recent chart hit, *Breathe Again*.

From just behind us came the off-beat notes of the bass and cello pans, the relentless and rock-solid foundation of the rhythm - b-boom boom, b-boom boom, b-boom boom. From right above us came the rhythm, the guitar pans and double seconds, on-beat; dah-di-dah-dah, dah-di-dah-dah. The words of the song came back to me in matches.

Ahead, the tenor pans and pling-tons were playing the melody, a

racing clangour that chased through the verses, and then rose through the stepped chorus. "If I never hold you in my arms again, if I never taste your tender kiss again," on up and up, before subsiding with relief: "Breathe again... breathe again"; and moving on to repeat it all again.

For 40 minutes they kept it up, the same melody and chorus, until it was ingrained on my brain; building up and retreating, and then surging again, a rush of thousands of brass notes that merged into a sweet metallic ringing.

I was exhausted after an evening's dancing and just an hour's sleep, but to be tired is all the better at moments like this, because the rhythm really gets to work on you. I found myself shuffling, swept forward by the rhythm, with an ecstatic smile and a glazed, sky-ward stare, loving every second of it.

It was ephemeral - I doubt that anyone has recorded the band playing - but it was undoubtedly one of the most compelling moments in nearly 10 years of travelling in the Caribbean.

The Trinidad and Tobago Tourist Board can be contacted on 0181-731 4466.

Carnival happens at the beginning of Lent; to get the best of it you should aim to see the last four or five days in the run-up to Mardi Gras. Flights, and particularly accommodation, must be booked well in advance.

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BOOKS

What cost academic freedom?

Free-market imperatives are more damaging to education than public funding, argues A.C. Grayling

According to John Henry Newman, a university is to the mind what a gymnasium is to the body, a place where mental faculties are rendered strong, supple and practised. It is an institution dedicated to the cultivation of the mind as an end in itself, resulting in the intellectual equivalent of health in the body or virtue in the soul.

More prosaically, however, a university is also an expensive agglomeration of people, libraries, laboratories, lecture-halls, residences and refectories. It needs an income; and where there are payers of that income, there are times to be paid accordingly.

In Europe there has long been a (generally) unproblematic relationship between public paymasters and autonomous universities. But right-wing academics in the US are not so happy about the ever-increasing proportion of public money paying for American higher education. This book is their collective bewailing of

what they see as a resulting dangerous loss of academic independence.

The burden of their complaint is as follows. Half of American higher education - by far the most distinguished half - is in private hands. It is the best of its kind in the world. But since the 1970s, the degree of public funding and therefore public control of US universities has greatly increased. To maintain their independence, America's right-wing dons argue that they have to protect the workings of a market of free choice and free provision in higher education, in which the effect of competition, of choice among alternatives, is unimpeded.

The alleged loss of independence comes from two directions. One is that government funding comes with conditions

about what research can be done, how, and by whom. The other is that institutions getting public money have to observe public policy on such "politically correct" matters as racial and sexual disciplines. Neither pleases free-marketeters.

Their complaint that public funding threatens autonomy is interestingly related to the university's role as a place of teaching. This is what, until very recently, universities were exclusively for. If dons undertook research it was because of individual interest, not because they saw themselves as under a duty to advance knowledge as well as transmit it. In the past very few dons undertook research, which was the province of learned societies like the Royal Geological Society (to

which Darwin reported his discoveries). The move towards university research began in Germany in the 19th century - where the Ph.D. was also invented, for connected reasons. In late 20th-century universities, research has come to vie with teaching in importance, even to outweigh it. In the US senior academics now teach relatively little; they lecture, but the business of classes, essay-marking and examining is left to junior faculty, so freeing senior faculty for research.

Britain makes it difficult for its dons to do research because of the huge teaching and administrative loads they carry, the result of funding cuts and increased student numbers. To preserve some research, it is inevitable that many universities will turn into mainly teaching institutions, and will therefore be regarded as second-rate, while some will become mainly research institutions, assuming the learned societies' privileged mantle. It is controversial whether a separation of research and teaching is good for higher education.

Do the American right-wingers' complaints bear scrutiny? As one of their own number shows in this book, America's private colleges started out as anything but independent, owing to their church connections, and from the first they enjoyed public funding along with their endowments; it is only the scale of public funding which has changed, almost exclusively as a result of the vastly increased expense of scientific research.

Moreover, despite the sillier excesses of "political correctness", only a noisome individual would object to requirements for, say, wheelchair ramps into the campus library - hardly an intrusion upon academic freedom; and likewise for attempts to make society fairer and its benefits more generally accessible.

The problem with "choice" and "competition" in higher education is that they result in universities offering astrology and meditation courses to attract prospective fee-payers. "Hard" courses like logic van-

ish when they fail to pay their way. If free-market imperatives usurp a university's responsibility to define a curriculum, that is a more serious matter than having a government agency demand that you submit reports on how its grants are being spent.

If there has been undermining of the university in recent years, both in America and Britain, it has come from within. In Britain dons have displayed the worst kind of liberal supine response to the deprivations of a government bent on saving money for tax cuts while cramming in more students, with resulting loss of standards in the very institutions that prepare the people who will operate the nation's future. A country gets the education and the research - the new ideas, the inventions, the discoveries - it pays for: if higher education reverts to being only for the rich, as the authors of this book wish, it will revert also to being no more than a pastime on the margins of national life.

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Fiction Age and a certain innocence

Most writers are content to be witnesses to the human condition. Their vanity is that they are detached, neutral: they let the characters speak for themselves.

But with Nicholas Mosley's *Impossible Object* (1988) one confronted a novelist who had thrown away the book of rules concerning novel writing. Mosley had dared to assume the authorial mantle of "the visionary and the schizophrenic" who entertains the fantastic belief that one critically judged, nicely timed personal action (or indeed novel) may save the world. This burning conviction fired all Mosley's early books, as it does his latest novel *Children of Darkness and Light*.

Our actions, argues Mosley, represent, as in chaos theory, the Brazilian butterfly-wings that may predetermine a hurricane in some notional Gulf of Mexico of somebody else's mind.

In *Children of Darkness and Light* the theatre of thought-action is set, appropriately we come to realise, in the world of a roving journalist, in Harry's contradictory marriage, in his longstanding professional relationship with the former Yugoslavia and with the wandering children there, displaced victims of war, in his relationship, too, with other displaced children, possibly affected by radioactive leakage from a nuclear power station in Cumbria and

hounded by social workers seeking out satanic rituals; and finally in Harry's relationships with colleagues - who in turn have their own connections with Harry's family as well as with individuals Harry has met in Yugoslavia and Cumbria.

Much of the pleasure of this very pleasurable book stems from the strain that Mosley puts on our credulity concerning the interconnectedness of all these relationships.

The premise of the book is that the children of his title are on a superior plane to that of adults who in this century of genocide are mysteriously capable of committing unspeakable atrocities.

Children, it is maintained, are not miniature adults driven by dark sexual forces as in William Golding's *Lord of the Flies*. Their relationship to the adult world is a symbiotic one. They look down on adults, those awkward larger versions of themselves, like Romans watching the gladiators in the arena.

Children naturally enjoy a more generous vision of reality which they usually lose as they grow older, as Woodsworth describes in *Ode to Immortality*. "Innocence is a real and potent force and one that we neglect at our peril. Children are literally the angels of these millennial days, angels who have come to lead us out of the darkness of our repressed and so dangerous adult instincts; with their help grace can be seized out of the very jaws of death."

The novel is redolent with sacred imagery, the children pulling a fish-ladder out of the night sea in Cumbria, Harry and his family rowing in, away from a vision of orgiastic hell, the Virgin Mary in a blue cloak ministering to orphaned children by a broken chain on a hill in Bosnia.

The tone and mood of this wonderfully lively book change continually, from the Feydeau farce of the sexual merry-go-round of Harry's circle to disquisitions on crop circles and the nature of light, to the impossibility of speaking the truth as a journalist. But *Children of Darkness and Light*, is finally concerned with the fateful connectedness of everything and with the search for the source of that magical and absolutely critical moment when the killing stops and peace returns.

"On the beach that morning I had had the impression of modes of perception beyond those of our blinkered world; of possibilities opening out if one watched and listened. Blinkers are structured by our conditioning; without them we might feel lost but we might also be free; might be in touch, even, with such forces as might nudge the world on its way."

CHILDREN OF DARKNESS AND LIGHT
by Nicholas Mosley
Secker & Warburg £15.99,
241 pages

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David Hamilton
Eddy

Changing times in the workplace

Lucy Kellaway is riveted by the real voice of the people but not by the authors' political argument

The picture on the cover shows a young girl selling ice cream. She is looking into the camera, pouting and bored. The young boy to whom she has just sold two cones is staring at her breasts, riveted.

This is a bizarre image to have chosen for a collection of interviews with working people about their jobs. *Talking Work: An Oral History* contains the stories of miners, steelworkers, van drivers, shoemakers, nurses, prostitutes, secretaries, hairdressers and union officials. Their accounts describe a century in which work has changed out of all recognition: at one extreme is the hard dangerous job for life at the local works, at the other the unemployed man doing a few dodgy jobs on the black market.

Each story makes a compelling read: the woman who stitched shoes at home to feed her family while the rats ran around the feet, the steelworker who solemnly explains that he had to drink 14 pints of beer a day to replace the fluid that he sweated out over the furnace; the HGV driver who boasts that he would never have sex with women hitch-hikers if they were unwilling. Each tale is told by a real person with a real voice - for the most they are uncomplaining, humorous, surprisingly upbeat.

Were it left at that the book would make a wonderful anthology. However Trevor Blackwell and Jeremy Seabrook have something more ambitious in mind. Through the mouths of these people they are trying to say something about the disappearance

of the working-class, about the importance of work to the worker, and about how if you take away someone's work you take away their identity. Above all they want to establish that the past was better. For them good equals working with raw materials or with manufactured goods, and bad equals work in the modern service sector where contracts are short and workers expected to be ever flexible, "re-tooling" themselves where necessary.

Much of the message is true.

TALKING WORK: AN ORAL HISTORY
by Trevor Blackwell and Jeremy Seabrook
Faber £15.99, 224 pages

but the delivery is so unsubtle as to blunt its purpose. Rightly Seabrook and Blackwell say that Marx did not have the whole picture when he talked of the "systematic robbery of what is necessary for the life of the workman while he is at work, robbery of space, light, air..." But they have gone over the top in their attempt to prove that work was mainly about pride and comradeship. Every one of their interviewees is positive about their jobs, no matter how early they had to get up to go down the mine, no matter how filthy the conditions and dangerous the work. Even the woman who worked at the steelworks during the war talks with enthusiasm and nostalgia about her days making steel, despite the fact that it cost her the life of her baby.

To ram home the point about the superiority of the past, the book contains two long accounts of death of commu-

ties in a mining town and on Teesside, where 45 per cent of the men are out of work. This time the stories are bitter - men who still wake every morning at 4am as if for work, who are demeaned by doing housework while their wives go out to get whatever work they can. If they supplement their dole by digging potatoes for 23 a day there is a chance that the DHSS may raid the potato fields, or that a neighbour might tell on them. Not only do these men see no chance of ever working again, they see no hope for their children. "When I go up to the school and hear the teachers talk about developing each child's potential, as though there was going to be a wonderful future waiting for my kids, I can't believe it. I don't know if they believe it or not, it they're just paid to say it", one says.

This grim tale is well told and all too believable, yet it does not tell the whole story about the change in jobs in the last 15 years. We know that Middlesbrough and Grimsby have been devastated, that many of the jobs our working-class used to do are now being done by the working-class in other countries. But it does not follow that the present is all bad. The authors argue that most new jobs do not constitute "meaningful work", citing "such savourless errands as dashing through the city streets carry hot pizzas on the back of motorcyles".

But surely to Ada Carey, who stitched shoes at home for a pittance in the 1930s, delivering pizzas would have seemed like heaven. The pay would surely have been better too.



Aircraft worker in Britain during the second world war. 'The Oxford Illustrated History of Modern Europe' (£25, 362 pages), edited by T.C.W. Blanning

Newspapers wanted

Malcolm Rutherford discusses the career of Conrad Black

Conrad Black, the proprietor of the Daily Telegraph, has two basic rules about buying newspapers: news must pay less than the market value and try to pick up inefficient operations where there are costs and jobs to be pared.

He has equally straightforward views about proprietorship. A newspaper, he thinks, needs a controlling personality. In the absence of such - he quotes Roy and Kenneth Thomson as examples - the paper tends to become bland. On the other hand, too domineering a proprietor - he cites the late Robert Maxwell - can unsettle editors and lead to instability. The secret is to choose someone with whom the principal shareholder is in general agreement so as to minimise internal frictions.

So far the Black formula has worked pretty well. If there had been anything new and unpleasant to dig up about the man, the Canadian journalist, Richard Siklos, would almost certainly have found it for his book *Shades of Black*. In fact, Black emerges as a strong, articulate, often engaging figure who seldom takes his eye off the cash flow. The subtitle, *The World's Fastest Growing Press Empire*, is accurate.

Black's name has been associated with newspapers long enough for it to be sometimes overlooked that his first big business ventures were in engineering and minerals. Partly through family interests, he looked after the plight of Massey-Ferguson, once the largest maker of farm machinery in

the world and by 1978 producing the largest loss in Canadian corporate history. He managed to cope and it can be seen from his industrial dealings that he discovered early the benefits of working through holding companies.

As Black explained in his memoir, *A Life in Progress*, share prices in holding companies are usually discounted "because they are at one remove from operating profits and are generally unpopular with investors anyway". This approach has continued as he moved into newspapers.

Yet it was with newspapers that his working life began. Although well-entrenched in this father was a "run-of-the-mill millionaire", the start was modest: a share in the tiny Eastern Townships Advertiser near Montreal. His first editorial pronouncement promised

tycoon ever since, thoroughly enjoying the position and the access it gives to powerful people. "No-one," he has said, "smiles the editor of the Daily Telegraph," and when he was dropped by the London brokers, Cazenove, he simply regarded it as a piece of old-world stuffiness.

Not that he spends all that much time in Britain. The chase for titles goes on a share in the Australian Fairfax, the Jerusalem Post in Israel, the growth in the US, more acquisitions in Canada and recently an interest in Latin America. He is spared from charges of monopoly by operating in so many countries.

Has he any faults? Well, he likes to show off. Perhaps he can sound a trifle pompous, applying a string of adjectives "specious, faddish, loathsome" - to his enemies where one would do, though he also laughs at himself. Perhaps he is a parody of a right-winger, though in some areas he has been notably liberal, opposing the imposition of French in Quebec and in favour of the Israelis giving up territory in the Middle East. Possibly he is still hypersensitive. It is striking that his own memoir has been published only in Canada and Australia. Now that it appears from Siklos that there is little to hide, publication in Britain would be welcome. His naive advice to Max Hastings, then editor of the Telegraph, on the death of Robert Maxwell was that the obituary should "err on the side of generosity". Others - more justly - may say that about him.

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Voyage of discovery

It is not the first time the question has been asked. Even in his own day Marco Polo was mocked as a teller of tall tales; indeed, he was dubbed "Il Milione" on account of his exaggerations. The Venetians felt about when he described the black rocks of China which burned like legs and burned away like charcoal.

Polo's *Description of the World*, which Christopher Columbus took with him on his search for Cathay, is one of the best-selling travel books of all time. It was ghosted by Rustichello, a Pisan romance writer while he and Marco were under house arrest (probably) in Genoa 70 years ago.

There are no fewer than 143 different versions of the book, which purport to tell how Marco went with his father and uncle on their second trip to China in 1271 and there spent 17 years in the service of the Mongol emperor Kubla Khan.

Frances Wood has tackled the old controversy with great panache. This extended monograph is a model of how an academic can take her scholarship to a wider public.

As well as the story of coal there are many other examples of accurate reportage in Marco's book. But there are lots of problems too. To begin with, as the author observes, Polo's account is curiously impersonal; it reads like a guidebook but one with no sense of place.

Many of the descriptions of towns are strangely repetitive and formulaic. The narrative is erratic: for example, having described Kashgar he hops backwards to Samarkand. But then, say his defenders, Polo was a merchant not a writer or geographer.

What about his claimed three years' employment as governor of Yangzhou? There is no record of it in the Chinese annals. But then nor is there a record of the missionary William of Rubruck whom nobody doubts visited the Mongol of Karakorum in 1254.

And if Polo shows a surprising ignorance of Mongol and Chinese - he uses Persian or Turkish names even for Chinese people - that could be explained by the fact that he was instructed by Arab traders along the way.

But the charge-sheet gets longer. Although spending 17 years in the famous Chinese bureaucracy, Marco made no reference to Chinese writing, nor to woodblock printing, nor to the profusion of paper. He said nothing about the Chinese passion for tea, and made no comment on the strange and cruel practice of foot binding

which fascinated subsequent western visitors.

He described in loving, but quite inaccurate detail what is now called the Marco Polo bridge over the River Yongding west of Peking. Worst of all, he failed to notice the most striking feature in all China, the Great Wall itself - all 24,000 miles of it.

So did Marco Polo go to China, or anywhere like it? After a thorough and diverting rummage through the evidence, during which she throws out some wonderful scraps of information - did you know that Kubla Khan had living at court a Persian jeweller, a Greek doctor and an Englishman named Basil? - Wood reaches her verdict. Marco's father Niccolo and Uncle Maffeo probably did get to Karakorum, returning with gold tablets which the Khan had given them as passports. Marco, however, probably did not. His narrative, and did not have been based on hitherto undiscovered early Arab guidebooks, on merchant lore and on his own researches at the Polo family houses in the Crimea and Constantinople.

Does it matter? Not much, says Frances Wood. Marco, the first successful travel writer, keeps his place in the Pantheon alongside Herodotus, the first historian, who also dealt in anecdote and hearsay.

DID MARCO POLO GO TO CHINA?
by Frances Wood
Secker & Warburg £14.99,
182 pages

Christian Tyler

ARTS

Television / Christopher Dunkley

Religion in the hot seat

Television used to be a medium of strictly limited capacity. Scarce wavelengths were supervised by government appointed bodies, and rules laid down for the control of broadcasting in such contentious areas as religion and politics.

Religion was hedged about with regulations, and voluntarily imposed requirements, resulting in the "god slot", a period on Sunday nights when ITV and BBC controllers co-operated.

The idea was that if they put out their statutory quota of religion simultaneously they would suffer equally from the inevitable dip in ratings. Like the politicians who at that time insisted on party political broadcasts being screened on all channels simultaneously, they realised that if the networks took turns to fulfil their obligations, thus giving viewers a choice, the statute-fulfilling programmes would get tiny audiences. Of course the religious programmes in question were overwhelmingly (even exclusively, many viewers believed) Christian.

Today the god slot has gone and, although few viewers

realise it, since October last year there has been a satellite channel dedicated exclusively to religion: Christian Channel Europe, CCE. It is uplinked from Maidstone in Kent to the Astra satellite, which carries the Sky system and is much the most popular in Europe. Even owners of satellite dishes are often unaware of CCE since it transmits only between 4am and 7am, though its creators, Rory and Wendy Alec, declare that it will become a 24-hour station.

The Alects are the main subjects of tomorrow's *Everyman* (10.45pm, BBC1) which reveals what a flap has been caused in the dovecot of religious broadcasting by the appearance of this channel. Had it been devoted to Hinduism or Sufism no doubt it would have been benignly ignored. The trouble is that it is dedicated to that modern branch of Christianity which rejects all the centuries of theological rationalisation and insists that the Bible means what it says, hellfire and all: the world was created in six days and Lot's wife literally turned into sodium chloride.

What the Alects say they provide is "Happy-clappy, devil-stomping, hot gospel revivalist preaching". They

proudly screen programmes featuring such questionable figures as Maurice Cerullo and the ranters who fill so much time on American cable networks.

Everyman is one of those BBC series which, without fuss and with all too little credit, continues year after year to provide material, often

'Everyman' on BBC reveals what a flap the CCE channel has caused in the dovecot of religious broadcasting

excellent, in one particular area. Others include *Horizon*, *The Money Programme* and *Assignment*. On many ethical and social topics where no single religious doctrine is crucial, *Everyman* has done outstanding work.

However, tomorrow's programme reveals signs that the series comes out of the BBC's religious programmes

department, and that that department is deeply imbued with a particular sort of Christianity. So at the start of the programme the commentary asks of the CCE: "Is it a welcome source of new hope or a monster?", words which it is difficult to imagine being applied to a channel run by Jewish schismatics, say, or a Buddhist splinter group.

The billing for the programme describes CCE as "controversial" and the opening paragraph of the press release calls it "disturbing". Establishment figures from religious broadcasting in the BBC and ITV come on to the programme to describe CCE's output as "propaganda" and the preaching as "downright bad".

Ernie Rea, the BBC's head of religious broadcasting, takes particular exception to a CCE programme showing a service with faith healing, not because of the histrionic manner in which the afflicted take a dive at the laying-on of hands, but because the cutaways show the rest of the congregation enjoying the spectacle.

What none of those engaged in this angle-of-the-head-of-a-pin argument seem to realise is that viewers who do not believe in the supernatural (the word used frankly by the Alects) see the world's numerous theistic superstitions and taboos as similarly weird. To the non-believer it makes little difference whether you go around drinking your own urine, chopping the heads off white cockerels, or drinking the blood of your creator. To a rational thinker it is all equally embarrassing and destructive of human dignity.

But the significant and astonishing thing is that instead of setting out from a neutral position to describe and consider all such belief systems, including late 20th-century fundamentalist Christianity, the BBC allows its religious programmes department to be run by members of one particular branch of one of the world's many religions.

The BBC would not dream of allowing its programmes about politics to be made by a department run by the Tories so why do they allow their religious programmes to be made by a department run by the Anglicans? Time, surely, for a spot of disestablishmentarianism.

Radio / Martin Hoyle

Success story with dark undertones

So our clocks are safe again, even if it does mean that Britain's intellectually challenged businessmen have to write through the mathematical efforts of adding and subtracting the odd hour to work out what time it is in the rest of Europe.

The race that gave the world radar, penicillin and Anthea Turner should rise to the occasion. The US has even more time zones but is generally believed to be no slouch when it comes to doing business.

More important, it saves farmers having to explain the change to their livestock which, when it comes to adapting to time changes, have apparently as many problems as British businessmen; though on the whole, I think livestock have a better track record.

Farmers have enough to contend with, heaven knows. Sunday's *On Your Farm* and the weekday *Farming Today* make salutary listening for the townsie, a reminder that, together with the performing arts, agriculture has been this

country's industrial success story since the war: an odd pairing, but with much in common, like being victims of popular incomprehension and governmental indifference.

The high suicide rate of farmers reflects some of the tensions of being tossed between inflexible nature (which is impervious to British businessmen's desire for an extra snooze), the environmental lobby, and bureaucrats whose concept of bull is not the four-legged variety.

Last week Deirdre Hardwick, a farming agency aunt, was railing about the emotional stresses of agricultural life. A few days later we were reminded of the problems of food production by the news that the cost of chickens frightened to death by low-flying aircraft is £300,000 - increasingly common as more birds are outside enjoying the healthy free-range life of the late 1990s.

I urge all country weekenders to cock an ear to Radio 4 at 10 past six every day to catch a glimpse of another dimension.

Stephanie Cole was in search of something of the sort when she became a backpacker in India at the age of 50. Returning five years later for the first in a new series of *Sentimental Journey* she proved that admirable actresses can be admirably un-luvvy.

Though open to the spiritual element, she was no sucker, and such observations as her verdict on one much worshipped holy man (David Jason in a fright wig and an orange frock) eclipsed those of the guide the BBC saw fit to send with her at the licence-payer's expense.

Arthur Smith is an ex-stand-up comic whose continued employment in the least suitable capacities remains one of the corporation's least fathomable mysteries. Nor is he a generous colleague when, at the threatened levitation of a holy man, Cole murmured "avatar becomes aviator" (not

a bad pun on the spur of the moment), he ignored it, though his companion politely applauded all his less subtle turns of phrase.

But then presenters are a problem, as shown by a fascinating item on Saturday. *The Magic Formula*. Geologist Alf Whittaker expounded his amateur musicologist's theory that Mozart's *Magic Flute* is an allegory of alchemy, complete with puns, numerical references in the music and allusions to the mineralogist who helped inspire the libretto and ended up as a professor in Dublin.

The perfectly articulate doctor was interrupted by a bumptiously shrill interlocutor who prompted him, interrupted him and finished his sentences for him, arousing an un-chemical desire to hurl an un-philosophic stone at the crystal set. But then the presenter of Sunday's *Medicine* used "media" as a singular noun throughout, though he did state that "Russia are big". Perhaps this is an accurate reflection of the literacy of the media.

Even when coherent, presenters can be pushily obtrusive. *Crimescapes* is a series that after about three programmes scrapes the bottom of the obscurity barrel. Leslie Forbes accompanies various crime writers around the louche areas of the great cities that inspire them.

The London episode was memorable for the self-satisfied mateyness of the young woman author who alerted a crack addict demanding money from passers-by to the possible presence of the police - not, you understand, the other way round.

Thanks, I feel much safer knowing he has eluded their watch and lived to accost again. Last week's saunter with a young German writer I have never heard of made Frankfurt sound depressingly like London.

One comes away with a vivid impression of Leslie Forbes, and not much else. Come back, luvvies, all is forgiven.

Music / David Murray

Bruckner glows

Sir Colin Davis is himself again. Last week, in the concert which began the London Symphony's majestic Bruckner cycle, a dispiriting pall hung over his Bruckner Ninth: the music seemed paralysed by an excess of piety. On Thursday, however, he gave us a Sixth - Bruckner's most "difficult" symphony, all arcane counterpoint and woolly chromatics - that glowed throughout.

It must have helped that he had first to partner Mitsuko Uchida in Mozart's B-flat piano concerto, K456. Though still recovering from flu, Uchida radiated zest. Her incisive fingerwork sparkled and danced, with sharper character than in her recorded performance of several years back; in gentler utterances, she suggested depth and *innigkeit* without recourse to any Romantic underlining. (The charming manners of this concerto forbid soulful "expression".) Davis gave as good as he got, drawing feathery, lyrical, often witty playing from his orchestra, in affectionate sympathy with his soloist.

After the interval, he lavished affectionate sympathy - musical perception, not piety - on Bruckner. Generally, the Sixth Symphony sounds at best imposing but remote, and more than a little crabbed: more complicated and self-conscious than the forthright Fourth and Fifth, thinly sonorous by com-

parison with the three later symphonies.

Davis found a happier aspect for each passage. It never sounded like prettifying; more like rediscovering the true range of orchestral colours that Bruckner had always had in mind. Those set the composer's intricate pattern-making in luminous relief, more expressive than any modern Teutonic conductor's determination to spell it all out.

There were minor losses in pedagogical clarity. Related-but-contrasted lines sometimes blended too smoothly, and we heard mellifluous duetting where we should have been aware of tensile constructions. But the gains, real *symphonic* gains, outweighed them by far: without forcing, the initial Maestoso had a suspenseful urgency that the corresponding *Feterlich* movement of Dav's Ninth had lacked altogether, and where the scherzo of the Ninth had been leaden, his Sixth's - just as slow, but with better justification - was wry, subtle, cajoling.

The special glory of this Sixth lay in its Adagio. As Davis spun it out, with soft, silken strings and a deceptively relaxed beat, it made beautiful sense without losing any salient point (though it is no less intricately contrived than the rest of the score). Quietly and with no apparent flex of calculation, it betrayed a master conductor's hand.



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INTERNATIONAL ARTS GUIDE

What's on in the principal cities

AMSTERDAM

CONCERT
Concertgebouw Tel: 31-20-5730573
● Goodbye Concert of Ely Ameling: last performance by the Dutch soprano. Ameling is accompanied by bass Robert Holl, tenor Leonardo de Lisl, pianists Rudolf Jensen, Dalton Baldwin and Louis van Dijk, and guitarist Pepe Romero. Ed Spanjaard conducts the Nieuw Sinfonietta Amsterdam; 8.15pm; Jan 29
● Radio Filharmonisch Orkest: with conductor Valery Gergiev perform works by Borodin, Mussorgsky, Rachmaninov, Shostakovich and Rimsky-Korsakov; 11am; Jan 28

OPERA & OPERETTA
Het Muziektheater Tel: 31-20-5518117
● Die Frau ohne Schatten; by R. Strauss. Conducted by Hartmut Haenchen and performed by De Nederlandse Opera. Soloists include Thomas Moser, Elen Shade, Jane Henschel and Albert Dohmen; 7pm; Jan 30; Feb 3, 6, 10

ANTWERP

EXHIBITION
MUKKA - Museum van Hedendaagse Kunst Tel: 32-3-2385960
● James Turrell: Perceptual Cells: exhibition of works by the American artist whose works use as the artist's material light, colour and space; from Feb 1 to Mar 24

OPERA & OPERETTA
De Vlaamse Opera Tel: 32-3-2356808
● Tosca; by Puccini. Conducted by Sijlv Valviseo and performed by De Vlaamse Opera. Soloists include Maria Guleghina, Fabio Armiliato and Kjetil Skram; 8pm; Jan 28, 30; Feb 1, 3, 5, 9

ATHENS

CONCERT
Athens Concert Hall Tel: 30-1-728233
● Lazar Berman: the pianist performs works by Liszt and Mussorgsky; 8pm; Jan 31

BALTIMORE

CONCERT
Joseph Meyerhoff Symphony Hall Tel: 1-410-783-8000
● Baltimore Symphony Orchestra: with conductor David Zinman and pianist Hélène Grimaud perform Bernstein's "Facsimile" and "Fancy Free" and R. Schumann's "Piano Concerto"; 8.15pm; Feb 1, 2

EXHIBITION
Baltimore Museum of Art Tel: 1-410-396-6310
● Ancient Nubia: Egypta Rival in Africa: exhibition of some 300 objects from ancient Nubia, from the collection of the University Museum, University of Pennsylvania. Works in ceramics, stone, ivory and bronze trace a 3,600-year history of Nubia and give a perspective on Nubia's volatile relationship with ancient Egypt. Nubia both influenced and was influenced by Egypt culturally. Eventually Nubia conquered Egypt, creating the largest state ever to exist along the Nile (712-675BC); from Jan 31 to Apr 14

BERLIN

CONCERT
Konzerthaus Tel: 49-30-203092100/01
● Borodin Quartet: perform string quartets by Shostakovich and Beethoven; 7.30pm; Feb 2
● Sinfonieorchester des Mitteldeutschen Rundfunks: with conductor Neeme Järvi perform Pärt's "Collage über B-A-C-H", R. Schumann's "Symphony No.3" and Brahms' "Symphony No.1"; 8pm; Feb 1

EXHIBITION
The Art Institute of Chicago Tel: 1-312-443-5800
● Robert Lehman and His Textiles: exhibition of the collection of textiles amassed by Robert Lehman (1892-1969), which is on loan to the Institute from the Metropolitan Museum of Art, New York; to Feb 4

CHICAGO

CONCERT
Orchestra Hall Tel: 1-312-435-6666
● Chicago Symphony Orchestra: with conductor Daniel Barenboim and pianist Evgeny Kissin perform Elgar's "The Dream of Gerontius", Brahms' "Piano Concerto No.1" and a new work by Wilson; 8pm; Feb 1, 2, 3, 6 (7.30pm)

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COPENHAGEN

OPERA & OPERETTA
Det Kongelige Teater Tel: 45-33 14 02
● Ariadne auf Naxos; by R. Strauss. Conducted by Hans E. Zimmer and performed by the Royal Danish Opera. Soloists include Christine Carrillo, Maryvonne Robino, Alexej Dubinin and James Bailey; 8pm; Feb 2

BIRMINGHAM

CONCERT
Symphony Hall Tel: 44-121-2123333
● Orchestre de Paris: with conductor Semyon Bychkov and violinist Maxim Vengerov perform Gilbert Amy's "Three Scenes for Orchestra", Mendelssohn's "Violin Concerto", Kreisler's "Caprice Viennois" and Tchaikovsky's "The Rite of Spring"; 8pm; Feb 3

BONN

EXHIBITION
Kunst- und Ausstellungshalle der Bundesrepublik Deutschland Tel: 49-228-9171200
● Zeitgenössische Deutsche Kunst aus der Sammlung des Bundes: this exhibition of about 120 works tries to give an insight into the collection of contemporary German art built up by the federal government over the past 25 years. The spectrum of the works presented in eight thematically grouped sections ranges from the art of the post-war period to the works of young contemporary artists; to Jan 31



Ian Bostridge and Janice Watson in the English National Opera production of The Magic Flute, at the London Coliseum

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Staatsoper Dresden. Soloists include Birgit Fandrey, Ute Selbig and Olaf Bär; 7.30pm; Jan 28; Feb 2

DUBLIN
EXHIBITION
National Gallery of Ireland Tel: 353-1-6615133
● Turner Watercolours: of the 35 works on show, 31 were bequeathed by Henry Vaughan in 1900. He stipulated that they should only be exhibited in January when the sunlight is weakest. The works include views of the South-East Coast of England, Harlech Castle, The Grand Canal in Venice and Lake Constance in Austria; to Jan 31

OPERA & OPERETTA
Oper der Stadt Bonn Tel: 49-228-7281
● Fidelio; by Beethoven. Conducted by Marcello Panni and performed by the Oper Bonn. Soloists include Kathleen McCalla, Carol Vahr and Alex Steblanko; 4pm; Jan 28; Feb 4

BOSTON
CONCERT
Boston Symphony Hall Tel: 1-617-266-1492
● Boston Symphony Orchestra: with conductor Seiji Ozawa and tenor Vinson Cole perform works by Mozart, Liszt, Walker and Stravinsky; Feb 1, 2 (1.30pm), 3

BRUSSELS
OPERA & OPERETTA
Théâtre Royal de la Monnaie Tel: 32-2-2291200
● Khovanshchina; by Mussorgsky. Conducted by Paul Danile and performed by La Monnaie. Soloists include Willard White, Jacques Trussé, Anatoli Kotscherga and Anna Bolstad; 7.30pm; Jan 30; Feb 2, 4 (also 2pm), 6, 8

CAMBRIDGE (US)
EXHIBITION
Fitzwilliam Museum Tel: 44-1223-332900
● Italian Malofica in the Fitzwilliam Museum: Italian malofica is among the most colourful and varied of all European pottery, preserving unfaded the fresh colours of the Italian Renaissance. This exhibition displays for the first time all the major examples in the museum collection. Also included is a selection of the Renaissance prints and book illustrations from which malofica painters drew their designs; to Jan 31

CHICAGO
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Berger-Tuna; 7.30pm; Jan 31; Feb 3

MADRID

CONCERT
Auditorio Nacional de Música Tel: 34-1-3370100
● Orquesta Nacional de España: with conductor Kurt Sanderling and cellist Michael Sanderling perform Shostakovich's "Cello Concerto No.2" and Tchaikovsky's "Symphony No.4"; 7.30pm; Feb 2, 3, 4 (11am)
Teatro de la Zarzuela Tel: 34-1-428225/6
● Barbara Hendricks: accompanied by pianist Stefan Scheja. The soprano performs songs by Fauré, Poulenc, Ravel and Debussy; 8pm; Jan 29

MONTREAL

EXHIBITION
Musée des Beaux-Arts de Montréal Tel: 1-514-255-1800
● The Unknown Modigliani. Drawings from the Collection of Paul Alexandru: exhibition of 373 previously unknown drawings by Amedeo Modigliani (1894-1920). The works were conserved by Dr Paul Alexandru, a friend and benefactor of the artist. The drawings bear witness to a crucial period in Modigliani's artistic development, from 1908 to 1914. Prior to their Montreal appearance, the works have been exhibited in Venice, London, Cologne, Bruges, Tokyo, Lisbon and Madrid; from Feb 1 to Apr 28

MUNICH

CONCERT
Philharmonie im Gasteig Tel: 49-89-4808506
● Gulbenkian Orchestra Lisbon: with conductor Mihai Tang, and pianists Katia and Marielle Labèque perform Chopin's "Piano Concerto No.2", Mendelssohn's "Concerto for Two Pianos in E major" and Dvorak's "Symphony No.8"; 8pm; Jan 31
● Mass in H minor; by J.S. Bach. Performed by the Chor und Kammerphilharmonie des Mitteldeutschen Rundfunks, conducted by Enoch zu Guttenberg. Soloists include alto Ingeborg Danz, tenor James Taylor and bass Anton Scharinger; 8pm; Feb 1

OPERA & OPERETTA
Nationaltheater Tel: 49-89-21851920
● Aida; by Verdi. Conducted by Roberto Abbado and performed by the Bayerische Staatsoper. Soloists include Gerhard Auer, Waltraud Meier, Cheryl Studer, Denis O'Neill and Kurt Rydl; 7pm; Jan 31; Feb 3, 6

CONCERT
Alte Oper Tel: 49-89-1340400
● Philharmonia Orchestra London: with conductor Christoph von Dohnányi and pianist Emmanuel Ax perform works by J.S. Bach, Mozart and R. Schumann; 8pm; Jan 28
Jahreskonzerte Hoechst Tel: 49-69-3601240
● Menuhin Festival Orchestra: with conductor Yehudi Menuhin perform Mozart's "Divertimento No.17 in D" and Beethoven's "Symphony No.5"; 8pm; Feb 1

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soprano Valeria Eposito, tenor Rockwell Blake and baritone Alessandro Corbelli perform the prelude from Wagner's "Die Meistersinger von Nürnberg", Hindemith's "Methis dar Mater" and Orff's "Carmina Burana"; 5.30pm



James Morgan

Keeping the all-important prospect alive

What the single currency project needs now is a lengthy exercise of obfuscation and distortion to sustain it

If and when the European single currency does not emerge in January 1999, the past week may well be seen as the turning point.

Spain's foreign minister, Carlos Westendorp, said the move could be postponed. Not actually postponed, of course, but the "clock should be stopped unless Britain, Italy or Spain were in it".

Key developments also took place in France. Marc Visnot, boss of Société Générale, said the Maastricht Treaty should be re-written not the first time we have heard this, but now more people agree. The mood led *Le Figaro* to iden-

tify the emergence of a new phenomenon: "Facing those who are viscerally against the single currency, up to now there has always been the camp of those who are totally for. To that there now has to be added those who are for, but doubt it".

Clambering into this camp is the former EU president, Jacques Delors. In an interview in *Sud-Ouest* last week he said: "People now recognise that I was right when I cautioned against certain unrealistic aspects of the Maastricht Treaty, especially on the common foreign and security policy." In December 1991 he told the

European Parliament that Maastricht had "installed two mighty engines for the drive to a united Europe: a single currency and a common European defence". But he told *Sud-Ouest* that the latter had "the engine of a lawn mower".

Once Jacques Delors starts distancing himself from the Treaty, the game may be up. The view in the French press now is that it "sits in the dock", accused of generating the ills which confront Europe today. *L'Echo Républicain* added: "As for the bureaucrats at Brussels, they have all the faults known to man: they are confirmed and contemptuous technocrats who

enjoy themselves drawing up rules as complex as they are twisted."

It is amazing how economic developments have contributed to undermining the Maastricht process. The Treaty was signed just as western Europe entered a monetary crisis generated by German unification. Now, as everybody prepares to get their accounts in order to meet the relevant criteria to face a "growth pause" which nobody dares call a recession.

So the stakes rise throughout the Union. More public figures feel compelled to say that they have "absolute confidence" that all will start on time, more and more ho-

liday are given to fortune. But they face an irony that was dramatically reflected in the press last Wednesday: newspapers in London, Paris, Brussels, Munich and Vienna all carried stories about budget negotiations, pensions or social security costs. Maastricht has made them the questions of the hour. And so we see the trouble with the Treaty: it is far too clear on the matter of budget deficits.

It may be too late but it is now essential to embark on a lengthy exercise of obfuscation and distortion to sustain the project. It should masquerade as a pro-

gramme of interpretation and clarification and resolve the problem that budget deficits are going to be too big. Fortunately, the Treaty does provide a means of converting "too big" into "just right".

Clause 5 of Article 104(c) says the Council of Ministers can vote after hearing the representations of a member state on whether its deficit is excessive. There is scope for discretion, as excessiveness is judged by the famous 3 per cent "reference point". Everyone knows that a point of reference is not the same as a rule.

The Germans will not like this but their own financial position

itself provides a threat to the single currency. If they do not keep the show on the road the D-mark will strengthen as the prospect of having to change those lovely crisp notes into dubious euros recedes.

So now they too have an interest in collaborating in a rational attempt to cheat. If they do not, unemployment in Germany will continue to rise and the economy will stagnate. It is the prospect that there will be a single currency that has to be sustained, not that there should actually be one. Mr Westendorp's madman policy is right.

James Morgan is economics correspondent of the BBC World Service.

Interview

For the love of endangered species

Lucia van der Post meets zoo-keeper John Aspinall

John Aspinall's chief claim to fame is probably his legendary success as a gambler but he is almost as famous for his addiction to lost causes. "Of course, I don't think they're lost but they are unfashionable."

Rearguard actions are his forte, almost you could say his *raison d'être*. Just now he is roaring like an old lion because he has two rearguard actions on his hands. "My heart," he explains, "is inevitably drawn to those who are in difficulties and just now the natural animal world and the Zulu nation are both in dire trouble. They both risk extinction. I seem to spend my life trying to protect the unprotected."

He has his back to the wall, and he knows it. But that is not going to stop him for these are passions and beliefs that run so deep that he is beyond reason, logic or everyday practicalities.

Not that Aspinall has any need of rational explanations. "Reason," he believes, "is the worst possible guide to human affairs. It is merely the undertaker that you send in after the battle to explain the logic of the affair. Instinct and prejudice are much better guides."

Caution, it seems, is not a virtue Aspinall cares greatly for. Nor is carefully moderated argument. "We've evolved to respond instinctively not rationally. After all, primitive man had to sum up any new arrival almost instantaneously otherwise he could end up dead."

Both his passions arose spontaneously and early in his life that their origins are mysterious even to him.

It was a pair of half-grown tigers kept by a friend of his mother's when they lived in India that first aroused the interest of the infant Aspinall. It wasn't until he was 29, however, and had some money that he bought a tigress and later a black Capuchin monkey and a pair of Himalayan black bears which he kept in the garden of his London flat.

"I found I relished the satisfaction that comes from a friendship with an animal feared by others," he told his

biographer Brian Masters, and from then on he knew he did not want to live without the company of wild animals.

Shortly afterwards, another win at the gambling tables (it has always been the fruits of his third passion - gambling - that has funded the other two) enabled him to buy Howlets, a beautiful neo-Palladian house and estate in Kent, and set up "self-perpetuating colonies of wild animals with the eventual aim of returning them to the wild". He wanted to help "coast them through this difficult time".

Ever since he started zoo-keeping he has been a controversial figure. He ignores established zoological procedures, preferring to proceed by instinct. Instinct told him that



John Aspinall makes friends with Kijo, one of his silverback gorillas

'It isn't that I dislike man, it is what he has done to the universe that I dislike'

animals that were loved and happy would breed more successfully than deprived, unhappy ones and he was proved right. His breeding rates for captive animals are among the best in the world and zoologists come from all over the world to study his methods.

It is partly for this reason that, even though four of his keepers in the last 15 years have been killed (though only one by trying to establish a close relationship with an animal), he is determined to go on fighting for their right to interact with the animals. He believes that keepers who get to know the animals, are sensitive to their moods and wants and learn what makes them happy. And the keepers he employs also believe this, to the point where they too are willing to risk their lives.

But it also springs from an almost religious, pantheistic vision of the world. "I have a reverent nature and what I revere is the force of nature -

I'm a pantheist - these are the Gods for me," he says, waving a hand at the enclosures and animals surrounding Howlets. "I think Man is a venomous species. Evolution discards one species of animal every thousand years. Mankind exterminates hundreds every year." To pick out one species - *homo sapiens* - and give it pre-eminence above all others is to him both irreverent and immoral.

His aim in insisting on close contact with his animals is not to tame them, as his detractors claim, but to live in harmony with them as man used to do. He is often accused of loving animals because he dislikes people but he denies it fiercely. "It isn't that I dislike man, it is what he has done to the universe that I dislike."

Aspinall's zoos are low-tech and animal-friendly. None of the staff has a scientific degree. "They have not been contaminated by conventional learning," he says proudly and he considers himself lucky that "nobody taught me anything because it would have sent me down the wrong path".

Today, nearly 50 gorillas have been bred at Howlets and he is trying to return some to the wild. Thirty-seven Burmese pythons - endangered because of human encroachment and the skin trade - have been replaced in Ulanjo Joy in Java. Two pairs of ocelots are being sent to Mexico to be released into the wild. Ten wild horses, *equus sivalensis*, which have two chromosomes different from other horses and are extinct in the wild, have gone to Beijing.

This vision does not come cheap. Howlets and Port Lympne, Aspinall's second zoo which is also in Kent, together cost £2m a year, of which the public contributes about £230,000. The rest is paid for by trust funds set up from his share of the proceeds when he and Sir James Goldsmith sold The Aspinall Curzon Club for £9m in 1987.

He is not optimistic about the future or that what he is doing will make any difference. "For the tiger, for instance, it is almost over. When the last ones die or are shot they

would allow them some independence for their nation. He is an ardent tribalist. "Way back in the 1930s, Mallonovsky, the great anthropologist, perceived that for a tribe to be strong and survive in good psychological health it needed to believe it was superior to every other tribe. And I believe that," he says.

"I'm a tribal Englishman and I'd have no respect for anybody who didn't believe their own tribe was superior to every-body else. But tribalism is not a popular stance. Liberal opinion has it that we are all one global family and that we should strive to eliminate the tribal differences that lie behind so many wars and factional fighting. Liberal opinion does not take the Zulus seriously, largely because they challenge its essentially ideological but non-tribal way of looking at Africa.

"As a result, they get pitifully small amounts of money whereas the world is in love with [Nelson] Mandela and the ANC [African National Congress] and they attract this kind of money."

His obsession with Zulu lore

and culture is not new. It began when as a young boy he first read Rider Haggard, but it was to be more than 50 years before he visited Zululand. In all that time he never wavered in his belief that it was a noble, great culture which today is in great danger.

To the outside world he may seem merely a rich man playing rich man's games, with

the means to indulge his whims and eccentricities. But that would be to underestimate his seriousness of purpose. "I do what I do not out of perversity or mere impulse. I have no choice. For reasons which are mysterious to me, I have to do this to please my inner spirit."

He does what he does, he says, "out of my admiration and love of the different species and terror in my heart that they will be swept away... even if it's just a 50-to-one chance of saving them I want to take that chance". This is the ultimate gamble. As a man whose life has often changed course because that 50-to-one chance came home, we have to hope that this time, too, the dice are rolling for him.

Peter Aspden

Sport's arena: sofa or stadium?



The growing debate over the coverage of sport on television, with its shrill talk of power-plays and pompous appeals to the national interest, overlooks one intriguing fact: that for many genuine fans, following their beloved sport on television is an immensely superior experience to watching it live.

The prevailing view is the reverse: that real fans never miss the chance to taste the visceral thrills of live action, and will devote a lot of time, energy and money to do so, while the more casual armchair viewer seeks his or her distinctly second-hand pleasure from the television set.

That is certainly not the case with many sports. Go to a Formula One grand prix: after the initial shock of the decibel level, once you get used to the admittedly intoxicating smell of oil and rubber, there is not a lot to see. Once a lap, your heroes roar past. It does not take them very long yet there is little impression of the extraordinary speed at which they are travelling. To under-

stand what is happening in the race overall, irony of ironies, you rely on huge screens transmitting what you could be watching in your living room.

Or try that sacrosanct British sporting occasion, Wimbledon. Yes, the strawberries and cream (and the prices asked for them) are cute; and once again, the initial exposure to the ferocity of the hitting can take the breath away. But after that, the thumping reality of grass court tennis takes over. You cannot really see the ball, so fast is it travelling. You become immersed in the drama so long as the personalities are "interesting". Hence, the nightmarish prospect of seeing tedious Pete Sampras facing nice-guy Michael Chang; do you care that they are superlative tennis players? No, only that they do not smooch sufficiently to give you a good day out.

But take football: here is a sport that can only be fully appreciated live, where you can see the whole pitch and lose yourself in the subtleties of off-the-ball running and players' mobility. What better excuse than an England international at Wembley, to watch the game played at the highest level? But

the crowds at Wembley, in sharp contrast to Silverstone or Wimbledon, are usually pathetically small, uninterested in the excellence on offer.

It is hard to avoid the conclusion that people attend many sporting events merely for the atmosphere, the buzz or, if they are lucky enough, the generous hospitality packages. The real cognoscenti, students of technique and statistical bores alike, stay at home to watch endless replays and listen to the astute interchanges between commentators, which, in the case of some American sports, have become something of an art form.

It follows, then, that you could gather people together in a huge arena, create plenty of ersatz atmosphere and noise, and invent a totally meaningless sporting encounter between people who possessed nothing but oversized pectorals and quickly-recalled names. If I am right, you could easily fill the place, and turn it into a successful TV show.

Unfortunately, I have been beaten to it.

Gladstones, one of the most crass programmes on television, relies on precisely this formula. Characters named

Jet or Cobra are unleashed on willing, grinning members of the public. They pad out their joints, knock each other over and fall on friendly surfaces. The crowd - noticeably young - roars with enthusiasm. A pair of beautiful hosts, one black, one blonde, watch the knocking over in slow motion and try gamely to analyse the unanalysable. Everyone seems excited.

Yet none of it matters, not even in the way that football or cricket matters. There is no passion here. What presumably appeals to the programme's creators is that it is inexpensive and easy to organise, and dispenses an effortless succession of cheap thrills to undiscriminating audiences.

This, if we are not careful, is the nature of television sport. If it becomes too expensive to compete with satellite companies, terrestrial channels will fill their airtime with similar pap. To be fair to BSkyB, its coverage shows that it understands the intricacies and appeal of top-level sport. But I only hope that those who cannot afford to subscribe to its services do not begin to mistake the pallid posturing of *Gladstones* with the real thing.

Luxury Breaks at The Berkeley range from £110 per person sharing a room (including breakfast). For further details call 0171-235 6000 or fax 0171-235 4330. For details of Luxury Breaks at The Berkeley's sister hotels Claridge's and The Savoy in London, and The Lygon Arms in the Cotswolds call 01-753 8050. Members of The Berkeley Club of Great Britain.

Until 1972, guests could only find one fault with The Berkeley. It wasn't near enough to Knightsbridge. So we moved it.

WEEKEND INVESTOR

Results due next week

Table with columns: Company, Sector, Dividend (p), Last year interim, This year interim. Lists companies like Anglo American, Anglo Irish, Anglo Japanese, etc.

Last week's preliminary results

Table with columns: Company, Sector, Year, Pre-1995, 1995, 1996, Dividend per share (p). Lists companies like Anglo American, Anglo Irish, Anglo Japanese, etc.

Last week's interim results

Table with columns: Company, Sector, Year, Pre-1995, 1995, 1996, Dividend per share (p). Lists companies like Anglo American, Anglo Irish, Anglo Japanese, etc.

Directors' dealings

Table with columns: Director, Company, Shares, Value, No. of directors. Lists directors like Brian Edwards, MD of packaging group St Ives.

Directors' share transactions in their own companies

Table with columns: Company, Sector, Shares, Value, No. of directors. Lists companies like SALES, Abacus Group, Bellway, etc.

Figures in parentheses are for the corresponding period. Dividends are shown net of tax. Shares are shown in thousands unless otherwise stated.

CGT indexation allowances: November

Table showing CGT indexation allowances for November 1995. Columns include Year, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Permanent interest-bearing shares

Table showing permanent interest-bearing shares. Columns include Stock, Interest rate, Price, Yield, Volatility %.

Gift issues - best value v tax status

Table showing gift issues and tax status. Columns include Stock, Price, Yield, Volatility %.

Diary of a Private Investor

An investment strategy guided by moral principles

Kevin Goldstein-Jackson finds that ethical considerations are growing - but that fixed rules can often rule out a good investment

Ethical investment seems to be a growth area of unit trust activity. Friends Provident manages more than £25m in its three Stewardship trusts and other managers of ethical funds include Credit Suisse, Sovereign, Scottish Equitable and Ecclesiastical Insurance Group.

Some funds avoid companies that deal in alcohol, tobacco, arms, pornography, gambling and weapons. But this means they can miss out on some of the strongest performers

Scottish & Newcastle and Whitbread are all in the FTSE 100. Sovereign is part of the Teachers Assurance group. I am not criticising these organisations for having different investment policies for their various funds. They are offering a useful range of ethical funds, seem quite happy to invest in some of the "banned" companies for their other trusts.

Tiers of joy

Advertisement for Woolwich Guernsey. Includes a table of interest rates for different deposit tiers: £500-£999 (5.60%), £10,000-£39,999 (6.40%), £40,000-£99,999 (6.50%), £100,000-£249,999 (6.63%), £250,000+ (6.73%).

Woolwich Guernsey. We wipe away the competition's tiers. Includes contact information and a disclaimer.

Weekend Investor

Wall Street

US buy-back plans gain momentum

Companies are buying billions of their own shares. Maggie Urry finds out why

Do they know something we do not? Many big US companies are stepping up plans to buy back their own shares. If it is such a good investment, should their shareholders sell - or buy more?

Last year companies announced programmes to buy back nearly \$100bn worth of their own shares, a record amount. These programmes often have a two or three-year time limit, so it takes longer for the purchases to be completed. Even so, there was a sharp increase in 1995 in the total amount repurchased.

In the last couple of weeks, as companies report their annual results, many have also been saying they are stepping up their buy-back plans. General Electric, America's largest company, said it was increasing its buy-back plan from \$5bn to \$9bn.

GE first announced the plan at the end of 1994, and then said it aimed to buy \$5bn by the end of 1996. The intention was to buy around \$2.5bn worth in 1995 and again in 1996. But during 1995 GE exceeded that rate, spending \$3.1bn buying 53m shares at an average price of \$56. The group decided to continue buying at the \$5bn a year rate and extend the programme for another year.

The shares now stand at around \$75, giving the group a market capitalisation of \$125bn, so a \$9bn programme equates to 7 per cent of the company's worth. Those people who sold to GE at \$56 have missed out on a further one-third rise in the shares.

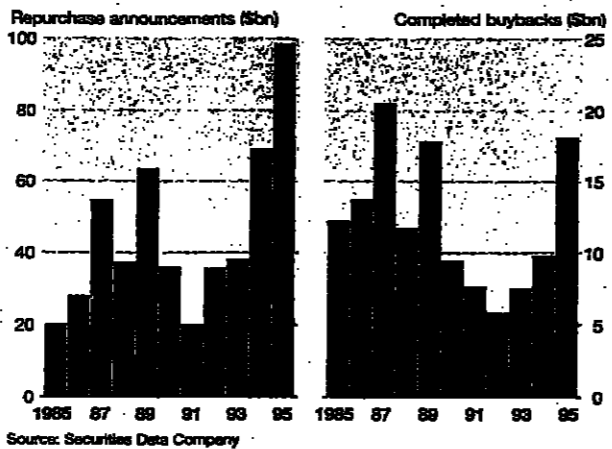
Similarly, Coca-Cola, the soft drinks group, which reported this week, said it had bought back 28m shares in 1995 at an average price of \$61, meaning the group spent \$1.77bn. Its shares are now around \$74.

McDonald's, the hamburger restaurant chain, said it had bought \$300m worth of shares in 1995, purchased to complete its \$1bn executive plan shortly and said it now aimed to buy another \$2bn worth over the next three years.

Citigroup, the bank, paid \$1.5bn for 23.1m of its own shares last year and has increased its plan from \$3bn to \$4.5bn with an end-1997 deadline.

One might wonder whether these companies have nothing better to do with their money. Is it an admission that they have no ideas for investments?

Buy-backs back in fashion



Of the four examples, Coca-Cola and McDonald's have large expansion plans worldwide. GE is investing heavily in its future and Citicorp has, perhaps, the best growth prospects of any US bank.

These companies are big cash generators too. Many have already used the money to pay back their debt, and corporate America's balance sheet is in good shape.

GE's operations have thrown off \$58bn in cash over the last five years. It has made acquisitions, and invested in existing business, but still has cash left over.

With interest rates relatively low, the extra cash is not going to earn much in the bank. It concluded that the best return it could give to its shareholders was to use the spare cash to buy shares.

The alternative would be a larger increase in the dividend. GE did increase its dividend by 12 per cent last year - but that would mean investors paying tax on the money. Buying shares should benefit investors another way - through a higher share price.

McDonald's said this week that buying back its shares was "one of the most effective methods of using our excess financial capacity for driving shareholder value".

In theory, the share price should increase for two reasons. First, the actual purchases in the market create demand for the stock, pushing up the price. Then, as the number of shares in issue reduces, earnings per share rise faster than profits increase. If the same price earnings ratio is applied to the shares, the stock price must rise.

GE's results showed net income for 1995 rising by 11 per cent, but earnings per share rising by 13 per cent, because of the reduction in shares in issue. Coca-Cola's fourth quarter net income rose 14 per cent but its earnings per share rose 18 per cent.

It would seem then, that if a company is buying its shares, investors should be too.

But, as the chart shows, 1987 was a big year for companies to buy their own shares - and was also the year of the crash. The year 1988 was another strong one for buy-backs, and in 1990 the market suffered a sharp correction. Perhaps a rise in share buy-backs is an indicator that the market is due for a fall, and those offers to buy shares should be snapped up.

Typically, companies have a lot of spare cash at the end of the business cycle - when they have enjoyed the benefit of economic growth and repaired the damage of the previous recession. When recession hits again, as in the early 1990s, the value of buy-backs drops.

Economists in the US are still arguing whether the cycle will be different this time. If the economy can continue to grow at a moderate pace without tipping into recession or bursting into inflation, then investors should hold on to their shares - and hope someone else takes advantage of the companies buy-back plans.

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Dow Jones Ind Average

Day	Value
Monday	5,219.39 + 34.88
Tuesday	5,192.27 - 27.09
Wednesday	5,242.54 + 50.27
Thursday	5,216.83 - 25.71
Friday	

London

City plays the takeover game

Martin Dickson charts a path through the rumour mill

It has been a wonderful week for the City of London to indulge in one of its favourite parlour games: hunt the next takeover target. The fun was sparked off on Tuesday when Granada announced it had won its hostile £3.9bn bid for Forte, the hotels group, by a convincingly wide margin.

Hostile takeovers have not been common in Britain since the recession of 1990-91, but paid to the bid fever of the previous decade, and those attempted have met with mixed success. Glaxo won its £3.1bn bid for Wellcome early last year, but it started off on particularly strong ground - with the support of the trust which owned nearly 40 per cent of Wellcome's shares.

In contrast, Enterprise Oil failed with its hostile offer for Lasso in 1994, while construction group Amec survived a bid last December from Norway's Kvaerner. This had the unusual strategy of making one offer - on a take-it-or-

leave-it basis.

All this had raised doubts about how much City appetite there might be for hostile bids in the 1990s. The fashion, after all, is for agreed deals or joint ventures that cut costs in a company's core business, and memories remain relatively fresh of the dreadful outcome of many 1980s' takeovers.

If Granada had failed, it would have given predators much pause for thought. Its success shows the hostile bid is eminently possible - provided the bidder is prepared to pay enough and the circumstances are right: fund managers saw Forte as a company which had underperformed for many years, and its bold bid defence merely served to undermine its previous inaction.

But while Granada's victory might fortify the resolve of some potential predators, it will not necessarily open the floodgates. Relatively few UK managers have quite the enthusiastic City following of Gerry Robinson, the chief executive who has transformed Granada over the past five years, and even fewer of those will want to get involved in takeover battles.

Whether hostile or not, the bid wave London has been enjoying for the past year shows no sign of abating. The UK is at that point in the economic cycle when takeovers generally intensify. Companies are flush with cash, equity prices are generous, and banks are falling over themselves to lend.

All this was underscored during the week by another bid, in its own way just as dramatic as the Forte battle: Farnell Electronics, a company with a market capitalisation of just under £1bn, agreed to buy a US electronic components distributor for £1.25bn.

Farnell's shares fell 10 per cent on the deal, which will be funded largely by new equity and convertible preference shares, but also with a substantial slice of debt. It seems to offer both big opportunities

and big risks. Pessimists noted that some of the most disastrous deals of the 1980s involved small British companies snapping up large American ones.

A question for investors is whether Granada's victory and the Farnell deal together represent the kind of frenzied takeover enthusiasm, underpinned by market liquidity, which can mark the late stages of a bull run.

The answer is probably no. But, if history is any guide, the bid wave will now see the City finding increasingly foolhardy acquisitions alongside the sound bets, until the cycle ends in tears. The challenge for investors is to spot the bad deals and avoid the companies making them.

Such sombre thoughts have not spoiled the fun of this week's bid speculation, which focused initially on Standard Chartered bank. Its shares have been moving upward for months on takeover talk, with banks from all regions of the globe suggested as possible suitors. But, on Wednesday, the price jumped so much that the bank had to issue a statement saying it knew of no reason for this.

Most banking analysts believe the strength of the share price has made Standard all but bid-proof, since its market capitalisation of more than \$5bn and book value of \$1.5bn would leave an acquirer with a huge goodwill headache.

Other companies attracting bid speculation were P&O, the shipping group, and retailer W.H. Smith. On Wednesday, W.H. Smith issued its second profits warning in less than a year and unveiled a strategic



Hard-to-takeover-target: the City's favourite parlour game. Helen DeGaris

review to pep up its underperforming businesses.

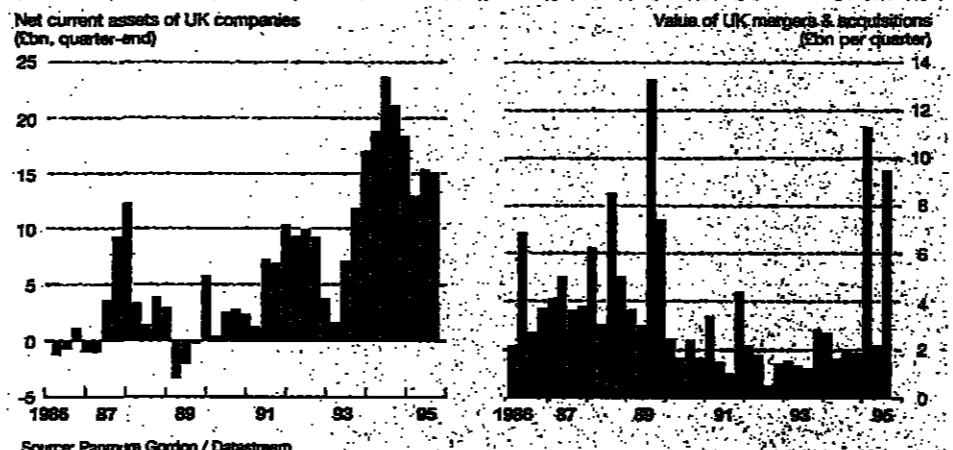
Rumours like these, and the occasional genuine offer, should provide the London equity market with reasonable underpinnings for some time. Corporate financiers say there are plenty of takeovers in the pipeline, although not necessarily as many as last year when the regional electricity sector suddenly went under the hammer.

Another positive factor is the downward trend in interest rates on both sides of the Atlantic, which has kept bond markets rallying. Germany trimmed its repo rate this week, giving a fillip to equity and fixed income markets across Europe, while the US Federal Reserve might do so next week. But continued uncertainty over the budget battle in Washington could keep the US bond and equity markets volatile, and much of that mood will be transmitted to Europe.

London, moreover, retains an underlying eagerness about the strength of the domestic economy. Figures this week showed a 0.4 per cent expansion between the third and fourth quarters of 1995, slightly stronger than in the third quarter and better than many City economists expected.

There seem to be faint stirrings of the long-awaited consumer "feelgood factor", but a succession of companies have been issuing profits warnings and exporters are beginning to suffer from the sharp slowdown on the Continent. Little wonder the rumour mill is turning so vigorously.

Corporate liquidity and takeover waves



Highlights of the week

Index	Price	Change	52 week High	52 week Low	Notes
FT-SE 100 Index	3734.7	-19.7	3798.2	2977.0	Week International bond markets
FT-SE Mid 250 Index	4086.6	-12.0	4088.9	3900.9	Takeover speculation
British Biotech	2350	+455	2359	42	Broker reassessment
BT	3561 1/4	-15	4194	3204	Competition worries
Cable & Wireless	434	-26	477	354	Competition worries
Gain Energy	179 1/2	+45	182	69	Statement on Bangladesh prospects
Farnell Electronics	612	-67	732	535	US bid dilutes earnings
Holiday Chemical	115	-49	221 1/2	115	Profit warning
M.L. Laboratories	472	+75	473	141	Foreign takeover speculation
Midlands Electricity	374	+30	401	220 1/2	Foreign takeover speculation
P & O (old)	542	+63	637	456	Profit support/bid talk
Sainsbury J	389	-28	478 1/2	363	Profit warning
Taylor Woodrow	135	+109	135	99	Takeover hopes
Wainhomes	90	+10	115	65	Railway talks stake
Wetherpoon (LD)	736	-61	752	490	Bid speculation



Barry Riley

Musing over the muesli

The strategist returns - and picks his winning game for 1996

To the Dorchester one morning this week for breakfast with my old friend, Steve the strategist, who was stopping over during his latest whirlwind global tour. It was such a relief to find that he was living in his old, no-expenses-spared style after a brief descent to a penny-pinching last year.

Steve acknowledged my congratulations that he was no longer having to stay at the little-known Paddington Olympic hotel. "But one of my contrarian indicators, based on Wall Street salaries and expenses and week-night occupancy rates of five-star city centre hotels, is beginning to flash amber," he remarked.

It had been an extraordinary period on Wall Street, I said, tucking recklessly into a plate of the Dorchester's best scrambled and fried cholesterol. Both bonds and stocks still seemed to be making progress, but there had been quite a bit of erratic churning since early December amid recurring US government default scares. Was the game over?

Not quite, responded Steve. But the going could be tough from here on, and the more internationally-minded American investors were seeking to rotate into other markets.

The most obvious target was Tokyo, where enormous amounts of foreign money had

been flowing into equities - perhaps \$35bn in 1995. That had paid off handsomely if the currency was hedged, but the inflows had been met by a wave of domestic selling.

Another less predictable target was gold, which had been pushed above \$400 an ounce. The bullion market was awash with rumours of a technical panic as speculative funds tried to drive a wedge between the central banks and the forward-selling gold mines.

I had myself been positive about gold, I said, because it seemed a likely beneficiary of the surplus liquidity sloshing around the globe. But it was quite odd that gold and bonds should be strong at the same time, since one interpretation of a rising gold price was as a lead indicator of a future rise in inflation.

"Remember that low interest rates have reduced the cost of holding gold," said Steve. "And just try thinking in yen - the gold price has risen 33 per cent since last July, at a borrowing cost so far of one-quarter per cent."

"As for the broader picture, I'm looking forward to having some conversations in Europe because I see Germany's Bundesbank, in particular, as being the third link in a global chain reaction of central banks."

"The sequence began when the US Federal Reserve reduced short-term interest

rates to 3 per cent back in July 1992 to cut through the problems of recession and debt. Step two came in September last year when the Bank of Japan slashed to 0.5 per cent, for the same reasons.

"Now, Europe is left high and dry. Quite apart from the usual difficulties of over-valuation and recession -

'Inflation isn't going to be this year's problem and not next year's, either, in most countries'

producing dramatic industrial failures such as that of Fokker - there is the special problem of Maastricht.

"Convergence criteria, like only borrowing less than 3 per cent of GDP, are slipping way out of reach. France is sinking off the screen. Unless the Bundesbank embarks upon a massive monetary loosening, the single currency will be impossible - not just in 1999 but forever."

Steve pushed aside a bowl of unneaten muesli and briefly sipped his decaffeinated black coffee. "The German repo rate has gone down another 10 basis points this week to 3.5 per cent. But rates will have to go down quickly to

somewhere between the American and Japanese crisis levels.

"I guess a discount rate of 1½ per cent this summer, which would mean money market rates of about 2 per cent. This time, the discount rate has got to go below its previous record low of 2¼ per cent after the 1987 stock market crash. After all, Switzerland is there already, which brings me back to gold, which is the obvious beneficiary of this global chase after currency depreciation."

It was certainly noticeable, I responded, that the global money supply measures had begun to pick up, obviously in Japan but not least in the UK where broad money growth had shot up to 10 per cent. When central bankers were seeking simultaneously to stimulate their economies and gain competitiveness, the only thing they could all devalue against was gold.

"A rising gold price embarrases them, however," I added, "because it creates a long-term inflation scare and will before long undermine the government bond markets."

"But not yet," interrupted Steve. "Inflation isn't going to be this year's problem and, in most countries, not next year's either. Right now, European government bonds are still hot. German bond yields will certainly get below

present US Treasury bond yields, and probably below 5 per cent.

"Global managers are now buying Europe. They think it's a complete no-brainer. When interest rates go down, the values of financial assets are forced up. US securities proved to be dirt cheap in 1992 when the Fed cut, and the Japanese rate reduction last year lit a bright green light for the Tokyo stock market."

"Now, continental Europe is the winning game to be sitting in on, for at least the first half of 1996. But the currency exposures will have to be hedged by dollar-based investors, of course."

Steve's analysis is always plausible, but the predictions are often wayward. I suggested he was making too many assumptions about the Bundesbank. He should know that many people in the German central bank would be only too pleased to undermine European Monetary Union. In fact, millions of Germans hate the idea of sacrificing their beloved deutschemark just to bail out France and Italy.

Steve shrugged. "It has to be this way," he said. "Fokker is just a taster. Look at how Boeing crowded Airbus out of the order books in 1995. Think about BMW and Mercedes-Benz starting to make cars in the US. Think about the Bundesbank's bull market."

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ASSET MANAGEMENT

*1 Past performance is not necessarily a guide to future performance. 2 The value of investments and the income from them may go down as well as up and the investor may not get back the amount originally invested, particularly in the case of early exit. 3 Where a trust invests overseas, changes in the rates of exchange between currencies may cause the value of the investments to go up or down. 4 Because of the nature of the securities in which the Hill Samuel Japanese Technology Unit Trust invests, there is inevitably a greater degree of risk involved. 5 Source: FTW selected 25, 15.55 (14.4%) and 19.2325 performance over 5 years, based and approved by Hill Samuel Unit Trust Managers Limited, 12-16 Abchurch Lane, London EC4N 3DF, Tel: 0191-556 4353. Regulated by the Personal Investment Authority and BAFIA. A member of AIFU.

Offshore managed funds and UK managed funds are listed in Section One

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